

DEC. 14  
1935

# BUSINESS WEEK

BUSINESS  
INDICATOR



McGRAW-HILL  
PUBLISHING  
COMPANY, INC.

20 CENTS

**NOT JUST LOOKING**—Christmas crowds are earlier this year, they're bigger, they're buying more. Christmas spending is estimated at \$4.5 billions, 10% to 15% better than in 1934, much of it going into the long-neglected luxury lines.

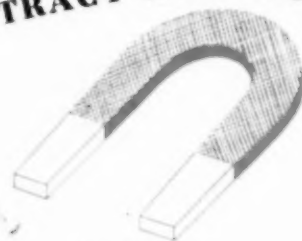
Charles Phelps Cushing

UNIVERSITY OF MICHIGAN  
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ANN ARBOR MICH

# ENDURO

## STAINLESS STEEL

STORE FRONTS ATTRACT NEW BUSINESS



In glistening new store fronts of ENDURO that reflect a hearty welcome to passing trade, many business men have found the answer to that plaguing problem—"How can we attract new business?"

ENDURO, Republic's Perfected Stainless Steel, catches the eye. It is new. It has a lustrous beauty all its own. It individualizes any store when used for window moulding, entrance trim, doors, facades, grilles, marquees, signs and decorative metal work. It can be used in new construction or in the modernizing of old structures. And it is equally attractive for dozens of interior applications.

Carefully-kept records prove that ENDURO helps sales—that it increases property values—that it makes property more easily rented—that it cuts building maintenance and replacement costs. Full information regarding this most modern of all building materials will be sent on request to owners, architects, building managers and business executives who are on the lookout for increased returns.

# Republic Steel

## CORPORATION

GENERAL OFFICES . . . YOUNGSTOWN, OHIO  
ALLOY STEEL DIVISION . . . MASSILLON, OHIO

Licensed under Chemical  
Foundation Patents Nos.  
2,129,517 and 2,129,518.

BUSINESS WEEK

# Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Roosevelt will attempt some other approach to reviving NRA—or demonstrating its necessity. Major Berry's mass meeting was a flop. His proposed council may be pigeonholed and Berry allowed to save face by compounding NRA substitute from letters contributed by individual business men calling for protection against chiselers. Result: Correspondence school would replace round tables. Necessity for new move is forced by failure of Berry to create sufficient simulation of fairness, thus not only irritating some 1,600 business men in attendance but most of those who read about fiasco. Conference will not serve to convince public of industry's inability to agree, of necessity for government control. Roosevelt's aim to impose industrial discipline by law remains unchanged, though he may have to shift tactics now.

## Dodging 30-Hour Bill

Roosevelt and Hopkins hope to work out some solution, other than A.F. of L.'s "plaster cast" 30-hour week, for substitution of machines for workers in industry. Davis Weintraub, protégé of Leo Wolman, will conduct studies—stated purpose of which is to get data for plotting future relief policies, but real aim is much broader. May work into substitute NRA setup Roosevelt wants.

## Speeding Up Greyhound

Supreme Court ruling on another New Deal agency is now almost certain during present session as result of National Labor Relations Board's request for court enforcement of its disputed Pennsylvania Greyhound bus decision. In accordance with Wagner act, suit starts in United States Court of Appeals, only one move from top tribunal, and gets preferential treatment.

## Rock-a-Bye Guffey

New Deal legal doctors, worried by constitutional attacks on so many Roosevelt measures, are surprised to find the one baby they thought most delicate constitutionally, the Guffey coal act, showing best prospects of survival so far. But fact that Liberty League lawyers are thumbs down on act suggests plenty of colic ahead.

## "Trainload" Rates?

Any proposal for reduction in rail rates on automobiles will originate with Eastern roads, but carriers are not persuaded that ICC's recent liberality in authorizing rate cuts to meet highway and water competition means it will authorize "trainload" rates to combat motor caravans. Roads recall

## FRONT MAN

*Roper's honeyed words to big business are growing more irritating to Administration left wingers. Especially when in face of President's statement about his desire for tax on bigness, Roper says "bigness is fundamental factor in business recovery." Prediction: Roper's scalp is safe just so long as President thinks Commerce Secretary is successful in working other side of street—or as long as Roosevelt thinks business believes Roper.*

that commission turned cold shoulder not long ago on their proposal to make trainload rates on gasoline to meet pipeline competition.

## Silver Gets the Spot

Silver again takes the stage, with government pulling its bid on metal in London and permitting price to fall. Four explanations: (1) mutual desire of Roosevelt and Morgenthau to thwart speculators—same motive which inspired 50% tax on silver profits; (2) Morgenthau's ingrained trading instinct, his desire to buy silver as cheaply as possible so potential revaluation profit might be that much greater; (3) desire to make a friendly gesture to China and remove incentive to smuggle white metal out of Orient; (4) passing of crisis in foreign currencies, relieving Treasury of need to support them. Despite everything, Roosevelt and Morgenthau intend to advance price of domestic metal later on—before election.

## Another Bonus Bill

Hoping to short-circuit the Patman greenback bonus bill, Ways and Means Committee will report early on its own measure, expected to provide payment of bonus in bonds. The majority opposes cutting payment to present values of certificates, and

would have bonds at full 1945 value, bearing interest. Incidentally, actual payment may be deferred by technicalities until just before the election.

## Gift Horse

Our concessions to Canada, excepting on Scotch and Irish whiskies, will not benefit "most favored nations" as much as ballyhooed. For example, lower duty on cattle weighing 700 lb. or over is no great break for Mexico which is only a secondary supplier and most of whose stock will average under weight limit. Such maneuvering runs all through Canadian pact.

## Tariff Irritation

Moving further toward "taking tariffs out of politics" via reciprocity treaties, Roosevelt appoints E. Dana Durand to United States Tariff Commission, thus invites additional protests from Congressmen more interested in protecting local industries than in broad picture of international trade. Durand is an economist and statistician, uninterested in politics.

## Alas, Selassie

More optimism about smoothing out Italian-Ethiopian-British-League mess is felt by Washington's diplomatic corps than appears in news or official dispatches. Now belief here is that Italy will get fat percentage of what it wants, including plenty for Mussolini to boast about at home, while world crisis will be delayed for another year at least. But Selassie will have to practice self-hypnosis to appreciate result.

## Sword of Damocles

Passage of a drastic tax bill, to take effect the day the United States enters any war, is regarded as certain by its sponsors, who think such a law, hanging over all, will discourage jingoism. Cynics point out that emergency can change any law—and probably would.

## RFC to the Rescue

Confirming *Business Week's* prediction that Roosevelt would use recovery of RFC loans to make budget picture more attractive, RFC now moves to make its holdings more marketable. Possibility of half-billion-dollar contribution to next year's federal expenses is tempting.

## REA the Great

Rural Electrification will cut the Gordian knot by financing house wiring and plumbing in rural areas itself. EHFA ducked responsibility because of difficulty in safeguarding loans for non-repossessable items. REA hopes to protect itself by loaning through local sponsors.



# Starting Businesses from the Cradle!

*Lord & Thomas, we believe, have a unique record  
in this field, where the mortality rate is high*

**I**T IS one thing to develop new winning sales ideas for an advertiser whose success is already established. It is a much more difficult one to start from scratch and advertise an infant industry into a robust and profitable maturity.

Yet Lord & Thomas have a unique record in this field, where the mortality rate is high.

Many of today's successful advertisers have had Lord & Thomas from the start. Many infant products christened by us are household words today.

Some such clients have been with us 10, 20, 30 years. They won for the sole reason that *right* advertising has delivered intrenched leadership and rich rewards year after year. It is the only kind of advertising that Lord & Thomas recognize — Salesmanship-in-Print gauged by *net profits*.

It is this principle which guides us in our work for new advertisers who came with us last year and this year — advertisers who, we believe, will be leaders 10, 20 and 30 years from today.

## *What this means in Experience*

Pioneering in new fields over 63 years has brought rich rewards not only to our advertisers, but invaluable experience to Lord & Thomas.

We have learned what *fails* as well as what *succeeds*. While we are the last to claim infallibility, we have cashed in and capitalized our failures — they are not repeated.

In copy-testing, in radio showmanship, and in many other sound

practices which are accepted today as fundamentals in advertising, Lord & Thomas were the pioneers who developed them to their greatest effectiveness.

There are many well-known businesses in whose inception we were privileged to play a leading part. Their problems, as with most new industries, embraced not only Salesmanship-in-Print, but merchandising, distribution, markets and dealers.

It is a source of pride to us that these diverse businesses—now grown to a robust and outstanding maturity—still entrust their advertising to Lord & Thomas.

We are equally proud that among our new clients today, several are starting fresh from the cradle. Businesses which bid fair to repeat the success of the others.

## *Here are a few Examples*

— *Seven months ago*, a brand new challenger made its appearance on the horizon of the most bitterly contested ground in the drug business. Strategy was planned with the help of Lord & Thomas. Within 60 days, nation-wide distribution and display was an accomplished fact. Sixteen radio announcements brought requests for more than 2,000,000 samples. Sales volume today exceeds \$40,000 a month, and is on the rise at a geometric rate!

\* \* \*

— *Twenty-eight years ago*, Lord & Thomas assisted a group of western fruit growers in forming a Cooperative. An original venture of \$3000

in Iowa—a test campaign—marked their entrance into advertising. Today, this client has seen the per capita consumption of oranges increased from 32 to 72 a year.

\* \* \*

— *Twenty years ago*, Lord & Thomas were asked to advise on the launching of a new dentifrice. Our counsel was sought not only along the line of advertising, but in regard to fundamental strategy of manufacture, merchandising and distribution. Aggressive Salesmanship-in-Print lifted it to the top of the sales field—a world position which it has steadily maintained despite increasingly stiff competition.

\* \* \*

— *Twelve years ago*, a client's *adroit mind* discovered merchandising possibilities in one of his by-products. Today, it has created a whole new industry, with hundreds of imitators, but true Salesmanship-in-Print continues to maintain its dominance.

## *A Product Need Not be New*

These are the stories of a few of the many advertisers who continue to reap the rewards of Salesmanship-in-Print, as practiced by Lord & Thomas.

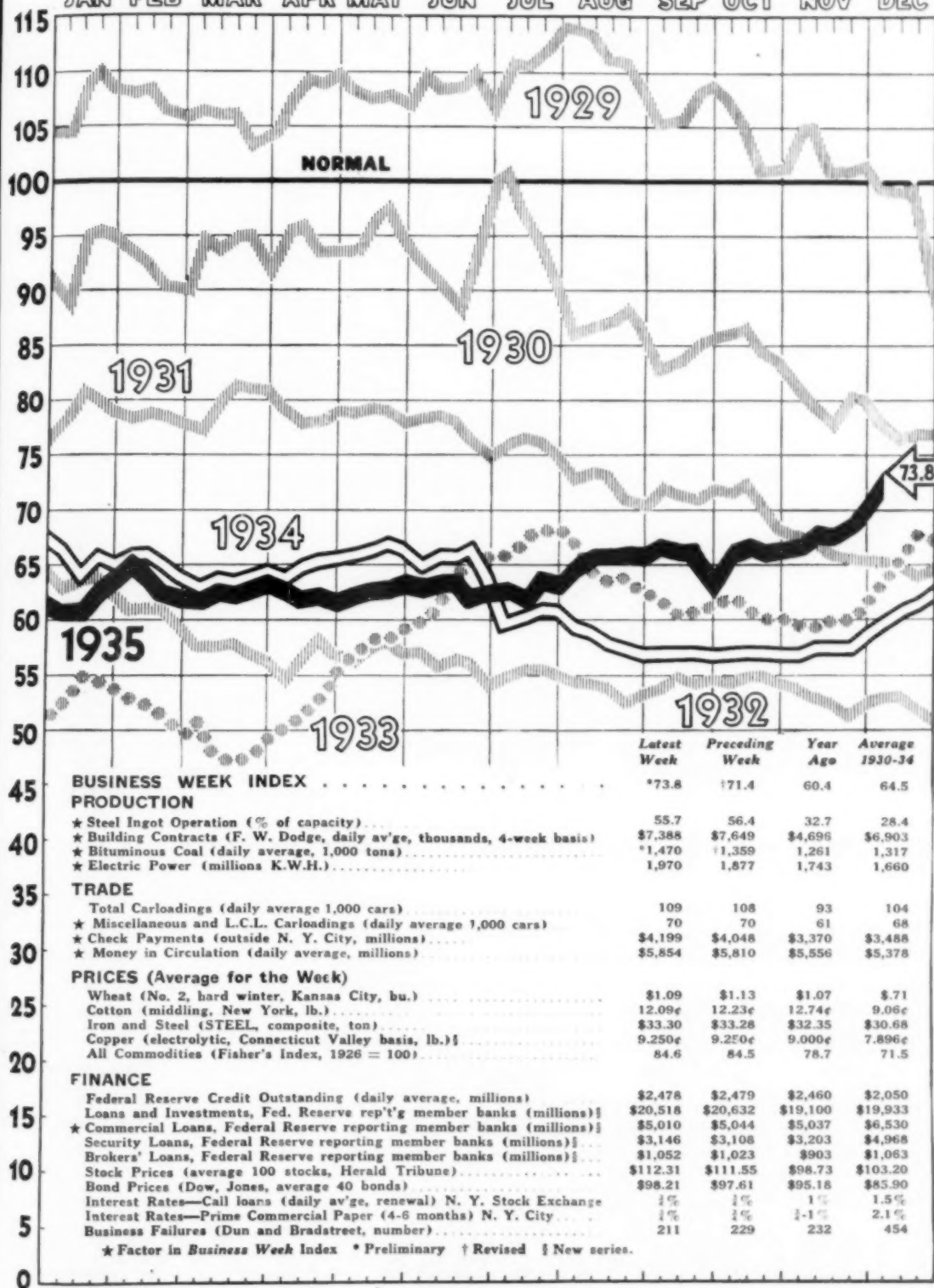
Nor does a product have to be *new*—like these mentioned—to yield new advertising ideas. Men with *feel* for ideas that *sell* often dig great advertising success out of seemingly barren or worked-over ground. Some of our greatest successes are made with products in which others fail to find the winning *Reason-Why*.

# LORD & THOMAS • advertising



# WEEKLY INDEX OF BUSINESS ACTIVITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



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BUSINESS WEEK

# Diesels RULE the RIVER

... and guard the profits  
of a thousand industries



**T**OM SAWYER wouldn't know the River today. Where yesterday the high-stacked, stately steamers belched black smoke and stopped at landing after landing for cords of wood, today's smaller, faster Diesel-powered towboats herd strings of barges along a better, clearer waterway. And move larger cargoes on strict schedule at a fraction of the cost.

Yesterday, the River ran wild when the torrents became swollen. Today, the giant Diesel-equipped dredges, shovels and draglines work to protect lives and property against the day when the river will rise again.

If you are fighting to breast a river of mounting costs,

the chances are that Diesels can handle the job of power better than your present way—by doing the most efficient, the most dependable job of generating power that can be offered by any type of prime mover. They are doing it daily in thousands of installations, at savings which often run 50% under purchased power costs.

If your power costs are too high, ask for your free copy of our interesting booklet, "DIESELS and PROFITS". It will gladly be sent to executives on request. Address: Fairbanks, Morse & Co., 900 S. Wabash Ave., Chicago, Ill. Offices in principal cities of the United States and seaports of the world.

## FAIRBANKS - MORSE

# Diesels

NEARLY THREE MILLION HORSEPOWER NOW IN



SERVICE

# The Business Outlook

EXCEEDING all expectations, business activity is winding up the best final quarter since 1930, and in many lines the best since 1929. First week of December, *Business Week's* index jumped 2.4 points to 73.8% of normal. Productive activity in steel, motors, machinery, textiles, construction is unusually well-sustained for the year-end. More industrial activity means more payrolls, more public confidence, more spending. Christmas trade is estimated \$500 millions better than last year.

## Pace Quickens

Steel is enjoying its best year-end pace since 1929. Power production is still going up, past all records. Check transactions outside of New York City have been running above \$4 billions for the past three weeks, better than any comparable period since 1930. Currency circulation is shooting upward in response to holiday buying. Automobile sales have also been tinged with holiday spirit, companies reporting better sales in November than in any November in their history. Non-ferrous metal markets were unsettled by developments in silver which injected uncertainty throughout the industry.

## Business Speaks Up

This vitality has given business courage to make increasingly vocal its opposition to any revival of governmental control of the terms of trade. At the meeting of the National Association of Manufacturers and at the Berry conference, hostility to modifications of the "American system" were strongly in evidence. At the same time, industry has been studying the results of General Foods' survey of public attitudes toward business. Only 15% of questionnaires returned believed that large corporations were best for the country, against 60% for medium-size concerns, 25% for small ones.

## Retail Sales Up

Weather warmer than normal cut into November retail sales in the Northeast, but apparently the extra Saturday this year offset most of this disadvantage. Department stores throughout the country did 10% more business last month than a year ago. Central industrial states did better than the average for the country as a whole. West Coast states have shown markedly better gains over last year than any other section of the country, November being up 15%. Boston, New York, and the St. Louis districts have been outstanding "slow" regions. Sales of variety stores increased more

## FAST-GROWING INFANT

*Still in its infancy, but growing rapidly, is the air-conditioning industry. In the first 10 months of 1935, value of equipment orders booked rose 19% over same months of 1934, and 101% over 1933. Chicago with 308 installations tops the list of new converts this year. New York follows with 204, counting only Manhattan and the Bronx. In 10 months there have been 1,966 installations against 1,562 for all 1934.*

than usual from October to November, but the volume to date is on a par with last year.

## Carloadings Boost Net

Better traffic has been the railroads' most urgent need to erase net deficits of earlier months, to reduce unemployment among transportation employees and to stimulate heavy industries through purchases of much-needed new equipment. October's carloadings, best for any month back to October, 1931, provided best net operating income for any month since October, 1930, converted the 6.6% decrease of the first nine months of 1935 (compared with 1934) to a slight increase by the end of 10 months. At \$75.4 millions, net operating income of Class I roads was 53% above last year, while earnings, after all charges, jumped 392%.

## Construction Holds Up Well

Construction normally subsides toward the end of the year, but this year's decline from October's peak was only 6%. F. W. Dodge records of contracts awarded in 37 states for November reveal a 28% shrinkage in residential volume, a 7% decline in public works and utilities, but a 15% increase in non-residential building. At \$188.2 millions total construction is holding 69% ahead of 1934, and the first 11 months have developed \$1.6 billions of contracts, a 9% increase over 1934. At the end of nine months, 1935 totals were still lagging behind 1934. Outstanding contributor to this year's building activity is

residential construction, which for 11 months has scored \$434 millions, 85% ahead of comparable months of 1934. On another page, *Business Week* has analyzed the distribution of residential permits by states based on new building activity within city limits for all cities of 10,000 population and up.

## PWA Change Aids Cement

Now that foreign cement will not be favored for PWA construction projects, cement prices in the highly competitive New York market have been restored to the pre-July level. Use of cement for constructing poured concrete houses is provoking opposition from building trades unions which see such new methods wiping out a lucrative field in both residential and non-residential construction.

## Automobile Schedule Heavy

When the anticipated increase in finished steel prices failed to materialize, mills expected a marked slump in shipment orders. Some extension of delivery orders did occur, enough to ease the operating rate a trifle, but the motor industry continues to absorb a good volume of steel for first-quarter requirements. Trade observers believe this indicates that motor manufacturers are not disturbed by possibility of a mild decline in January and February sales; that preparations are going ahead to stock dealers during these months so that spring sales may be made without the usual delay in deliveries. Current production is passing right through dealers' showrooms to waiting customers.

## Steel Has High Hopes

With the motor industry dedicated to maintaining about the same rate of production in the next few months as in November (when it exceeded 350,000 units), with railroads coming into the market in greater volume for new equipment and material to repair old equipment, with construction brighter than in any time in six years, with air conditioning, refrigeration, aviation, naval construction, metal containers all set for higher levels in 1936, the steel industry feels reasonably assured of better activity and better profits in 1936 than in 1935. November steel output reached the peak of 1935, was the best November since 1929. From a profit standpoint, the last quarter of 1935 should cap the year. Operations have exceeded 50% of capacity since August.

## Diesels Expect Banner Year

Diesel horsepower sold in 1935 is expected to show a 50% increase over 1934, chiefly due to increased sale of tractors. Marine installations also contributed to the gain.



# ARMOUR'S LITTLE PIGS



## GO TO MARKET



## BY BELL SYSTEM



# TELETYPEWRITER SERVICE

BELL SYSTEM teletypewriters connect the Chicago headquarters of Armour and Company with stock-yards, slaughtering, and production plants and district offices in twenty-six cities. Armour units in other cities are connected with headquarters by many different types of wire facilities furnished by the telephone company. This communication hook-up permits Armour to control many far-flung activities almost as if they were under one roof.

Teletypewriter Service handles slaughtering and production reports which are transmitted direct from outlying units to Chicago, these units receiving instructions in return almost instantaneously. Purchasing and production are closely co-ordinated with demand. As a result Armour gets better prices, there is less shrinkage and spoilage, and faster turnover.



District offices in major cities depend upon the teletypewriter and other Bell System facilities to send orders to headquarters, to help maintain adequate stock levels, and to report market conditions by which prices and sales policies are determined.

In cities where no warehouses are maintained, queries and orders are transmitted to the proper plant two or three times a day. Information is flashed back and delivery started quickly. Customer service is comparable to that in branch house cities.

Because the teletypewriter is fast and flexible . . . because it makes written records of every communication . . . it is as valuable to the small business as to large organizations like Armour. Your local Bell Telephone Company will gladly tell you more about its possible application to *your* business.

DECEMBER 14, 1935

## Berry (Not Industry) Conference

**Coordinator's refusal of industrial cooperation in drafting his program marks another failure for NRA idea, leaves him with council that cannot speak for business.**

WASHINGTON (Special Correspondence) — "Wrecked on the shoals of insincerity."

That's what they are saying about the Alice-in-Wonderland "industry conference" staged in Washington this week by Major George L. Berry, the President's Coordinator for Industrial Cooperation.

Results will be: (1) a national Industrial Council, as the Coordinator desired, which cannot represent industry in its appointed liaison work with the government; (2) a labor influence in that work which, under the circumstances, will be dangerously misleading to everybody, including labor; (3) a widening of the rift between government and industry; (4) the further confusion of the Administration and of Congress as to the trend of business thinking on recovery issues; (5) perhaps an early attempt at a different approach to NRA revival.

### Breaking Point

These results became inevitable at a single moment in the opening session of the conference. This was the moment when Major Berry flatly refused to entertain any questions or suggestions as to procedure from the 1,650 representatives of American industry who had come to what he had called *their* meeting with letters in which he had stated that his own proposed program would be "subject, of course, to such changes as the meeting may recommend."

This action seemed confirmation enough of all the advance suspicions that the conference, summoned in a wholly unrealistic atmosphere of crisis, was to be used as a tool for new NRA legislation, for the promotion of labor's interests, and for the political glory of the Coordinator in his relations with both the American Federation of Labor and the government.

Taking into account the fact that this rebuff to industry came at a time when the major had approved arrangements for such a discussion of problems and procedure in the same hall by the 200-odd labor leaders present at the meeting, the most generous characterization of his action must be "pitifully bad

strategy." And he didn't leave much room for generosity.

The conference had started auspiciously with a broad attendance by industry. Major Berry had himself commented on the reaction of business men, citing industries in which over 60% of his invitations had been accepted.

Succeeding developments were not so auspicious. It was at least bad strategy to have early-arriving industrialists ejected from the front row in the Department of Labor Auditorium on the grounds that this row had been reserved for the diplomatic corps—and then to have industry's observers observe Messrs. Green, Lewis, and other A. F. of L. leaders filing into the sacred seats.

The final act of the open session, following Major Berry's eloquent summons to cooperation on vaguely defined differences between industry and labor, was not auspicious at all. By his intention, it was to have been a summary but peaceful adjournment to prepare for round-table discussions by the 44 industry and 13 labor groups into which his audience had been divided.

### No Questions Wanted

Instead, within a few short, fatal moments, he had declined to permit John W. O'Leary, president of the Machinery and Allied Products Institute, to ask questions regarding procedure and objectives, and had engaged in a verbal free-for-all with A. P. Haake, managing director of the National Association of Furniture Manufacturers, who supported Mr. O'Leary's request for a hearing. Thereupon with the major accusing Mr. Haake of having been sent to "dynamite" the meeting and trading "liar" with him on even terms, the last act became something close to a riot.

The inevitable result was that hun-



**THE THINKER**—All the skill that had made him celebrated as an ace conciliator and brain man of the labor movement did not suffice to get Major George L. Berry's new "NRA" conference off to a happy start. From turmoil and palaver he withdraws sometimes to a strictly private conference—with himself.

Wide World

dreds of business men who had intended to attend the proposed round-table discussions went back to their hotels, packed their grips and left for home, either immediately or after informal hotel-room conferences leading to an agreement that they had been misled. Of the 1,650 who had attended the general session, perhaps 300 turned up for round-table meetings. Among those who remained were some industrialists who felt that, even under the circumstances, their party to the conference should sit in to block labor domination and keep up vigorous opposition to undesirable proposals.

#### Vacant Tables

Only one of these round-table meetings, that of the construction industry, was attended by a representative group of members. Less than half a dozen made outright appointments to the major's National Industrial Council. A few named observers. Some decided to await further discussion. Several disbanded after going on record to the effect that their gathering "could not be considered as representative of the entire group," but adding that those present considered the formation of a National Industrial Council at this time inadvisable, not conducive to recovery, not in the public interest.

Many important industries—such as lumber, fuel, rubber, machinery, and steel—were scheduled to meet in carefully prepared halls packed with chairs around tables stocked with memo pads and ice water, but a check-up by *Busi-*

*ness Week* found these "round tables" in the sole possession of the regularly appointed liaison officer and one or more former NRA staff members who had come with high hopes of landing a job.

At the same time, it was obvious that the labor representatives of the same industries summoned by Major Berry with the cooperation of the A. F. of L. were going through with their scheduled meetings, making a show of the fact that they had a program, and coming out with tight organizations—which will be set for a dominant position in the council that the major is going to set up in spite of all that has happened. This dominant position, if taken at its face value by Washington, can only contribute further to the present confusion.

#### Passed by the Censor

Releases from the major's headquarters indicate that frantic efforts are being made to give the whole conference a face-value success. A first list of "delegates" reports action by 18 groups. However, many of those named are actually only small subdivisions of the original 44. What the "action" often comes down to is shown by the fact that the hardware, electrical supplies, and machinery group, reported as appointing delegates, actually mustered only six men at its meeting and they merely made some informal recommendations. In some releases, group classifications are followed by the name of an individual present at the meeting, thereby

implying that he had the status of delegate.

Such releases have brought from business men still in Washington a final wry comment on the council and the whole unfortunate venture. "It looks," they say, "as though industry is going to be berrymandered."

## Lake Cargo Tally

**As cold weather closes lakes, Cleveland wonders if this winter will see ore shipped to busy steel industry by rail.**

WITH the coming of cold weather to Cleveland and Buffalo, the Great Lakes shipping season is practically at an end, and final figures are available on lake cargo movements. While not showing a wide general gain over 1934, nevertheless they indicate that more Lake Superior iron ore was brought down the lakes this year than for any year since 1930. Total ore shipments for the season ran 28,362,368 tons, or a gain of 6,112,768 tons over 1934—27.2% increase. November shipments of ore broke records of recent years.

At the current rate of steel activity, some Clevelanders are predicting that there won't be enough special grade steel to last the steel industry through the winter. If this is true, the city might see ore being shipped by rail before the opening of the next navigation season in April. And that would be a sight.

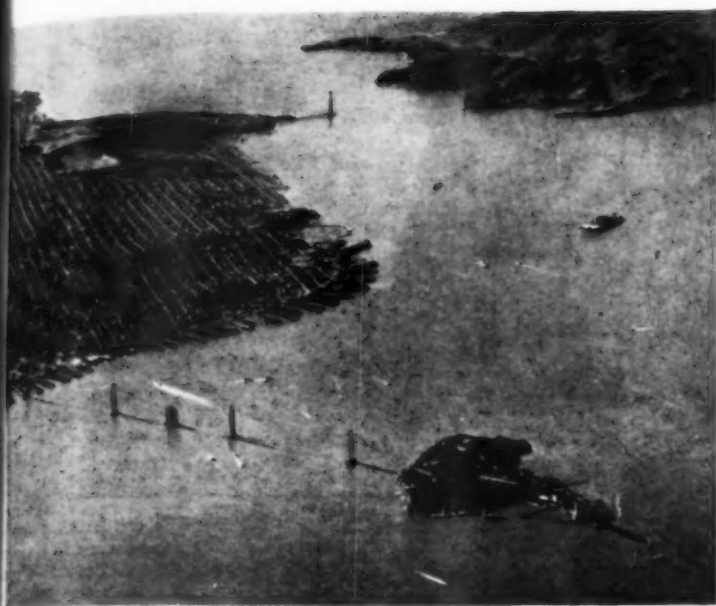


International

**ROSES AND BRICKBATS**—Business delegates witnessed a variety of sights at Major Berry's industrial conference. The Coordinator, all smiles, welcomes fellow labor leader William Green of the A.F. of L. A. P. Haake (no smile), managing director, National Association of Furniture Manufacturers, shouts "Lie" at the major in the heated exchange which left the latter still refusing to listen to industrialists' questions or suggestions on what he had said was the delegates' program. When this happened the crowd sat up; then most of industry's representatives got up.







**ONE YEAR TO GO**—Automobiles will roll across the San Francisco-Oakland Bay Bridge (foreground) in the fall of 1936. About the same time, the Golden Gate Bridge (towers for which may be seen in the distance) will be completed. And in 1938 the construction of both bridges will be celebrated at an exposition. San Francisco-Oakland trafficway will cost \$77,600,000 and was financed by bonds sold to RFC. Golden Gate span will cost \$35,000,000; is privately financed.

## The N.A.M. Declares War

Congress of American Industry serves notice on Washington that it will fight for "the American system," against government interference with business.

THE Congress of American Industry, staged last week by the National Association of Manufacturers in connection with its 40th annual convention, lived up to its name more completely than any of its predecessors. Every branch of industry was represented by many of its leading members. Heads of large and small concerns rubbed shoulders, checked impressions, and exchanged their opinions.

### Open Challenge

After George H. Houston, president of the Baldwin Locomotive Works, as presiding officer of the last session, had trapped the final gavel of adjournment amid tumultuous applause, a blaze of Klieg light and the whirr of motion picture cameras, news went out to the world that America's foremost industrial organization had declared war on the present Administration, and not by whispering behind the door but by shouting its challenge so that both the attacked and the friends of the attacker may plainly hear.

The two-day session of the N.A.M.'s offspring and ally, the National Industrial Council, which had immediately preceded the sessions of the congress

(*BW*—Dec 7 '35), served as a fitting background and crystallized much of the thinking that became vocal in the N.A.M. meetings.

As the council has a membership of over 30,000 industrial concerns and the N.A.M. a direct membership of over 3,000, the Platform of American Industry and other resolutions formally adopted at that notable last session of the congress represent the collective thinking of an important portion of American business.

In their four-plank platform the manufacturers demanded (1) that the constitutional rights guaranteed all free men under the American system be maintained and guaranteed; (2) that the right of individual effort and ability to exercise freedom of enterprise be preserved and attempts at national economic planning through centralization of control in a bureaucratic government be abandoned; (3) that security for the maximum number of people be developed through economic progress and not be attempted "in a program inevitably productive of a static society, which is incompatible to an advancing people"; (4) that the government reestablish

sound tax and financial policies, because "government spending without provision for its financing except by a constantly expanding public debt, only postpones the day of reckoning," and because "sound recovery, enduring prosperity, and integrity of social institutions depend upon the preservation of government credit, for upon it all other credit, public and private, rests."

### Fear Trend to Left

Threaded through all these formal addresses and impromptu discussions was the thought that in the current trend of governmental activities not only free industry, individual initiative, free speech, and the solvency of the country stood in danger, but that the very foundations of this country's greatness and the whole American system of government and industry might be engulfed in a tide of radicalism, sponsored and nurtured in official quarters, that would inevitably lead to dictatorship or revolution.

Longtime members of the N.A.M. who had attended its annual conventions and these Congresses of American Industry for many years commented on the fact that never before had they seen such an outstanding group of industrialists take such an active part in its proceedings, that never before had they seen such a representative turnout of employers, big and small, fighting side by side on a common front. Never before, they said, had members been so vocal, so militant in their attitude, so determined to force a turn of tide—in this case, a return to a rational, economical, constitutional form of government.

Insiders say that events of the last 2½ years plus the continuous and devoted efforts of a small group of N.A.M. enthusiasts have combined to bring about a rebirth of N.A.M. prestige and influence that in the last 6 months has carried it to the top as the most important spokesman of American industry.

### New Organization Leaders

Among those who have materially contributed to this rejuvenation they mention: E. T. Weir, president of National Steel Co.; S. Bayard Colgate, president of Colgate-Palmolive-Peet Co.; George H. Houston, president Baldwin Locomotive Co.; Lamont duPont, president E. I. duPont de Nemours & Co.; Charles R. Hook, president American Rolling Mill Co.; C. M. Chester, chairman General Foods Co.; and Walter B. Weisenburger, the executive vice-presidents of the association. Mr. Weisenburger has taken an increasingly active and effective part in the building up of the organization to its present outstanding position.

Many members agreed that G. P. Torrence, president of the Link-Belt Co., summed up the proceedings of the N.A.M. Congress of American Industry

correctly when, in an impromptu speech at the closing session, he said: "I am glad to note the change of viewpoint and change of direction that has taken place in the last 12 months. We have been misled and misguided. I leave this meeting feeling that now we are all united in a common viewpoint. We are all going down a common alley, thanks to the experience of the last 12 months, and we have written a platform that we can all get behind, but that could not have been written 2 years ago. We are in good hands."

## "Reading Machine"

**The Kiel system puts sound tracks on untreated film, can record an entire convention on one reel.**

A NEW development in sound recording and reading machines is being demonstrated by the Ripley Corp., Chicago. It works on the simple principle of the phonograph but is superior in many respects. By the Ripley Sound System the reproduction can be heard as soon as the recording is finished, and paralleled sound tracks in cellulose films permit the recording of entire conventions on a single reel. Demonstration before law bodies has roused interest in possible uses, including court transcriptions.

The Ripley recording machine is sizeable and expensive to build, but a separate reproducing unit is simple and portable. Microphones concealed (for sleuthing purposes) or visible (for above-board activities) boost the vibrations for recording. In the recorder a diamond tip impresses the vibrations on 16 mm. film. In reproduction, another diamond point follows the groove to translate the indentations.

### Whole Convention on One Reel

The film used is free of emulsion. A single reel's capacity is 1,600 feet. This is automatically inscribed in 40 consecutive sound tracks, allowing 29½ hours of continuous use. (A 3-day convention has been recorded on 1,200 ft.). Reproduction can be made general through loudspeakers or personal by the use of headphones.

Applications claimed are many. In recording court trials it is pointed out that there could be no argument over the accuracy of the transcript, that even voice inflections (sometimes legally important) could be preserved. Books could be read (560 ft. for 300 pages) onto film, making them available in sound to the blind or the lazy. In radio broadcasting the machine could accurately record, for checking, programs as actually put on the air. In making sound movies, the machine could simplify and cheapen the adjustment of sound equipment on outside location. Crime conferences and con-

fessions could be taken without rousing suspicion. For home movies, sound tracks could be put on the back of new or old films and these made into talkies by a simple reproducer synchronized with the movie projector. Advertising agencies could use the machine to perfect and sell radio programs direct to clients.

The Ripley System gets its name from its inventor, Ripley Kiel. He is the son of J. H. Kiel, president of the company. New York demonstrations were staged in the town house of Frank Vanderlip. Mr. Vanderlip is chairman of the company's board. The device has emerged from the experimental stage into that of active promotion. Machines will be leased out.

This isn't the first nor the last of the reading machines. Dr. Byron Eldred developed one for Radio Corp. (BW—Mar 4 '31) but it has not been actively promoted. Cruft Laboratory at Harvard University recently announced a "camera" which will permit accurate analysis of sound.

## More Power Needed

**Utilities must build more capacity, but are uneasy about moving in face of New Deal laws.**

POWER companies are in a pickle. Law suits have piled up over the New Deal legislation and a Supreme Court decision looms ahead that may make things all right or all wrong, from their viewpoint. But business presses and they can't wait to see how the suits are coming out.

Since 1930 there has been no station and line construction—or almost none.

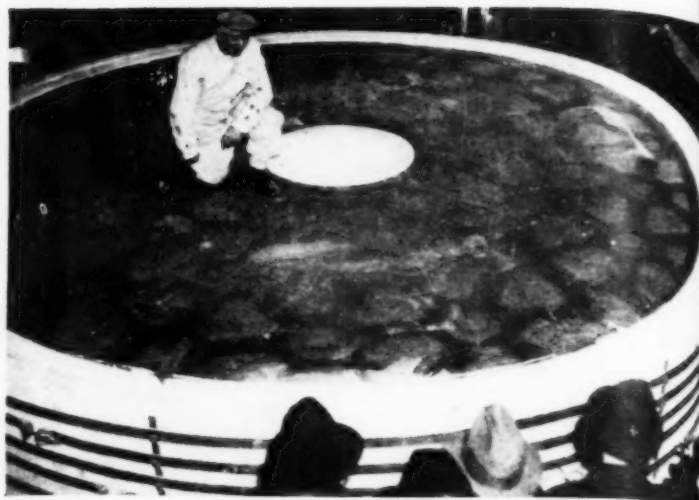
Of the 30½ million kilowatts of generating station capacity, 18 million kw. is 10 years old, 4½ million kw. is 20, and ¼ million kw. is 30 years old. In normal times the industry adds more than 2 million kw. in stations every year. Now the load curve has grown to go beyond the alltime peak of December 1929, and the winter peak is yet to come. Something definitely must be done about it.

### Plans Up for Action

Power companies are just finishing their budget-making for 1936 and construction plans are up for decision. Within a few weeks it will be possible to forecast what kind of a construction program the industry is going to follow next year. Manufacturers estimate a 30% increase in electrical product sales in 1936 and are building up inventories to be ready.

Meanwhile, individual utilities report needed extensions and improvements. Some will revamp present plants, superimposing new high-pressure steam units. Some will build new stations at important load centers. Some will make new interconnections with other systems to interchange power. And the reason in every case is the marked increase in business.

At present the 3,419 utility companies operating 4,314 generating plants have an installed capacity of 41,551,800 horse power made up of: steam, 29,512,000 h.p.; internal combustion engines, 600,000 h.p.; water wheels, 11,439,000 h.p. This compares with an aggregate of 20,155,397 horse power in all the manufacturing plants of the country, made up of: steam, 17,361,926 h.p.; internal combustion engines, 1,233,853 h.p.; hydro, 1,559,618 h.p.



**THAT MAN MAY KNOW THE UNIVERSE**—Back will go the frontiers of the visible universe, back 1.2 billion light years, when the 200-inch mirror just removed from the annealing oven at Corning Glass Works is polished and mounted with its telescope at Mount Palomar, California. The huge glass disk was poured a year ago, and is still faintly warm to the touch. Polishing will take three years.

# Steel Widens the Sheets

**Rush into continuous mills that can compete for Detroit orders promises sweeping changes in steel lineup. But smaller companies can't be counted out.**

TREMENDOUS plant expansion by the steel industry is bringing joy to equipment and construction companies, but isn't pleasing to many steel people. Reason is that most expenditures are for continuous strip sheet mills, promising tough competition in sheet capacity.

Steel executives began to take notice of the newer type of continuous mills when Inland Steel Co. started its plant 3 years ago, successfully invading the automotive market with a relatively low-cost sheet of superior quality. Previously its motor tonnage had been so light it hadn't bothered with a Detroit sales office.

## Recent Expansion

Last April Youngstown Sheet & Tube put into operation a continuous mill virtually duplicating Inland's. Ford now has completed its continuous hot mill, expects to have its cold reduction mill ready this month. Early next year Great Lakes Steel, National subsidiary, will start a new 96-inch continuous mill capable of rolling sheets 90 inches wide, cold-rolling them 88 inches wide.

Among other developments, Bethlehem shortly will finish its 79-inch mill at Buffalo. American Rolling Mill is building a continuous wide cold mill at Middletown, Ohio, is expanding its

continuous mill there to roll wider sheets. U. S. Steel is rushing to completion a continuous mill at Gary. Jones & Laughlin may join the ranks next year.

## Swift Increase in Capacity

A year ago the country's sheet capacity was under 5 million tons annually. By the middle of 1936 it will be at least 8½ million tons. This is a rough estimate, of course, capacities depending on width and gauge of rolled steel, number of old mills scrapped when new ones come in, skill of operation, facilities for further processing hot mill products. At any rate, the industry's sheet capacity is being increased enormously.

Why are so many companies catapulting themselves into the sheet market with continuous mills? The answer is that (a) sharp recovery in automobiles and other consumer goods has benefited sheet and strip steel, as against sluggish market for rails and structural steel; (b) continuous mills can make sheets in large volume \$7-\$10 a ton less than old-type hand mills, at the same time producing a sheet with superior finish; (c) demand from motor car trade for wide sheets has led to building of new sheet mills of continuous type; (d) competition is compell-

ing the laggards to get in step; (e) U. S. Steel and Bethlehem, neither of which has made a splurge in the automotive sheet market, now see a chance to make gains at Detroit by having continuous mill products; (f) companies with wide sheet capacity have been earning the most money—National, Inland.

## On a Thin Margin

It is generally agreed that the sheet price structure in the next year may sag a bit under weight of additional capacity, but any drastic break (stories of which usually can be traced back to steel consumers) appears improbable. Many savings in cost from continuous mills already have been passed along to users, such as removal of deep drawing extras on full-finished sheets. Thus continuous mills today haven't too hefty a margin to work on, will soon find themselves in the red again if they start giving away their profits.

All companies possessing continuous mills should do reasonably well, provided tonnage expands, as it should do with recovery progressing. Mills at inland points, of course, will not be so advantageously located to reach the Detroit market, and their costs probably are higher than those of lake mills. On the other hand, they have non-automotive markets near; example is Armco's mills at Middletown supplying large tonnages to Frigidaire at Dayton, 20 miles away. The prize for location still goes to Great Lakes Steel at Detroit which benefits from being next door to its largest customers and from alleged clannishness of Detroiters in buying home products.

In 1931 about 51% of cold-rolled sheets were made on hand mills or semi-mechanized mills, and 49% on continuous mills. By 1934 the proportion had shifted to 60% on continuous mills. It is estimated that in 1936 at least 75% of all sheets will come off continuous mills. Facing rapid shrinkage in their business, what chance have companies possessing only hand or semi-mechanized mills? Well, not so good, but they can't be counted out yet. There is still an impressive tonnage of sheets not requiring fine finish which is sold in black and galvanized form for stoves, roofing, vitreous enamel stock, concealed parts of automobiles, such as mufflers. Even companies with continuous mills are retaining hand mills to fill such orders and to handle business too small for continuous mills to roll economically.

## Small Concerns' Opportunities

The small company, unable to finance expensive continuous mills, is cutting corners by mechanizing handling of sheets so far as possible. It is surprising what it can do with its limited facilities. For one thing, it can roll sheets in reversible mills in packs or pairs, whereas



**WORKING MODEL MILL**—Exhibited at the annual meeting of the Purchasing Agents Association in Cleveland recently was this model of the world's largest hot strip mill, just installed this year at the Youngstown Sheet & Tube Co.'s plant.





**AND NOW ABOUT BROADCASTING**—When William S. Paley, president of CBS (left), and David Sarnoff, president of RCA (right), attended the radio day luncheon last week at New York's Downtown Athletic Club they didn't let their concern

over the impending realignment of the broadcasting structure mar the pleasures of the day. Nor did Anning S. Prall, chairman of the FCC and speaker of the day (center), inject into the discussion any other awkward questions of FCC regulation.

with the 4-high continuous mill only a single sheet is rolled. In the case of a semi-mechanized mill, such as Newton Steel at Monroe, Mich., sheets even large enough for automobile quarter panels can be made. Where continuous mills have the advantage is in speed of production, yet they, too, have a limiting factor—capacity of equipment for processing the steel after it leaves the hot mill and ability to roll down the sheets only to a thickness of 16 or 18 gauge.

#### Small Companies Benefit

It is possible that the Steckel-type hot mill may be a saviour for some of the small companies. It requires only a fraction of the investment in continuous mills, has a capacity of about 25%–30% of continuous mills, costs about the same per ton to operate. Thus far, mills of this design are being used by McLouth Steel Corp., Detroit, for rolling strip 16 in. wide, by Youngstown Sheet & Tube at its Indiana Harbor works, by Dominion Foundries & Steel, Ltd., Hamilton, Ont., for rolling material 36 in. wide directly from a slab ingot without reheating.

Sheet manufacture is in a transitional stage, which probably will last another five years. After making sheets by the hand process for 100 years, revolutionary progress of incalculable benefit to the consumer has been made in the last decade. That progress hasn't ended. The smaller mills hope—and believe—that the inventive genius which produced the monster continuous mill will turn out a workable mechanized small mill in the next few years. As these improvements take place, the old type mill will gradually be scrapped or forced out because it no longer can compete in price. Until that day comes, it will be

with us, although constituting a constantly dwindling percentage of the industry's capacity.

The trend still is toward wider sheets for the automobile industry. Great Lakes Steel is gambling \$20 millions on that fact by building the steel industry's widest mills, will be able to supply very wide coiled stock to automobile companies, some of which are changing over equipment to enable coiled sheets to be fed into presses, thus saving handling costs and scrap losses. Use for wide sheets appears likely to spread to other classes of sheet consumers. Wide sheets, for example, are being employed by burial vault manufacturers and electric refrigerator companies, although in certain cases the material turned out thus far has not been a continuous mill product.

## Sellers' Defense

**Steel fabricators' bid depositary reduces losses resulting from sharp buying practices.**

IN 1932 and 1933, when tonnage and value of fabricated steel were down to approximately 15% to 25% of 1929 figures, buyers of construction steel enjoyed a heyday. In that kind of market they felt they could ask for anything they wanted whenever they forgot themselves so far as to order some steel. The theory was that if one supplier wasn't inclined to be obliging, some other desperate fabricator, also trying to keep his shop open, would be only too glad to meet the terms.

As a result, the construction steel industry consumed half of its assets between 1930 and 1934 selling at a steady

loss. Ultimately the fabricators got tired of it. Business in 1934 was a little better and in the first eight months of 1935 shipments were up to 40% of the 1928-31 average.

With this to bolster its courage, the industry's trade association, the American Institute of Steel Construction, Inc., devised a scheme to defend itself from razor-edged buyers, using a type of information-swapping to disclose in their true colors the buyers of construction steel that were telling job bidders just how low the other fellow's prices really were.

The device, known as the bid depositary, has been in operation a month, operates on a voluntary basis, and, according to the A.I.S.C., is a distinct success, 85% of the industry having submitted to its procedures. It works like this: When a job is open, fabricators and erectors estimate and enter bids, at the same time sending a sealed copy of their bids to A.I.S.C. A.I.S.C. puts the sealed envelopes away in the safe until the contract is definitely awarded, then takes them out, opens them, tabulates the various bids and sends copies to all bidders, successful and unsuccessful.

#### Less Chance-Taking

Thereupon the whole business is thrown into the open. The bidder who has been told that his rival would do the job for 50¢ and love it can check up and be prepared either to believe or to view with suspicion the next time he hears that joke. Furthermore, an accumulated statistical background on all the jobs that a fabricator has been interested in, becomes a valuable guide to costs, reducing the element of chance and raising the general accuracy of bidding as well as the efficiency of the industry.



## HE HUNTED LEAKS AND FOUND PROFITS

A leaky steam valve was what started him. His firm was paying good money for the coal to make that steam—and here it was, being dissipated into the air.

When he ordered a complete checkup for other piping losses, he was only thinking of the need for stopping them. But when the last leaky valve was replaced, the last inefficient piping hook-up rearranged, he found that not only had the leaks been stopped, but that he had discovered those profits which the production and the sales departments

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Crane Co. suggests that you investigate the condition of your plant piping as a short-cut to profits.

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DECEMBER 14, 1935

13

# Fall Models Make Good

**Pile of orders is burying automobile industry's doubts about the wisdom of a fall opening, though used cars leave some uncertainties to be settled.**

If retail passenger car sales are a barometer of recovery, the country is literally riding to better times in Detroit's latest streamlined creations. The public's buying response to fall announcements has justified the industry's highest expectations, and in some cases has even exceeded them.

November sales of 215,000 passenger cars smashed all records for that month, and December will duplicate November. Total retail deliveries in 1935 will be 2.7 million passenger cars, according to R. L. Polk & Co. This is a gain of 43% over the 1.8 million units sold last year and a shade better than the 2.6 millions in 1930.

## Wide Diffusion

Indicative of a returning prosperity is the wide diffusion of the bumper crop of orders. Independent car companies are feeling the warming effects of a sales revival along with General Motors, Ford, and Chrysler. Even cars in the higher-price brackets are doing much better. Cadillac-LaSalle, for example, has orders for 10,500 cars and larger bookings for the Fleetwood Cadillac than in all of 1934 and the first 9 months of this year. Projected 1936 production of the new front-drive Cord has been doubled.

Stimulus of fall introductions is revealed by the fact that an estimated 578,389 passenger cars, or 21% of the

year's sales, will be delivered to retail customers during the fourth quarter, compared with a 1929-34 average of 15%.

Curiously the percentage of business done in October, November, and December has been rising since 1930, even before fall announcements were thought of. In that year 12% of the total fell within the final quarter, the percentage going up yearly to a high of 19% in 1933 (delayed buying caused by the bank holiday in March probably made the fourth quarter abnormally large that year). Last year the figure dropped a bit to 17%.

Automobile shows just ended more than made up in sales for deficiency in attendance, orders being the best for a show period since 1929. The Chicago show, staged at the new stockyards amphitheater, proved the most exciting event of the season, drawing an all-time gate of 415,000 admissions. Its success was due not only to facilities and central location of the amphitheater, but also to absence of competitive hotel exhibits by car manufacturers.

Car factories are pushing production up between 350,000 and 400,000 cars a month. November was the year's biggest month for Hudson and Pontiac; Chevrolet's output of 108,876 cars, was exceeded only in April, June, and July, was 17,000 more than for the first

month following new-model introductions in any previous year. Last month Packard built more cars than in the entire year 1934.

Despite the rainbow-tinged sales and production picture, automotive executives are reluctant to go the whole way in proclaiming fall announcements a success. Sales during January and February will tell the story, they say. Haunting them is the vision of tremendous used car stocks acquired by dealers from new car buyers in November and December, stocks which are difficult to move in midwinter and which will tie up dealers' capital, thus slowing down new car sales. Then there is the question of how many new cars can be sold in January and February after excitement accompanying new-model introductions has worn off.

## Factories Help

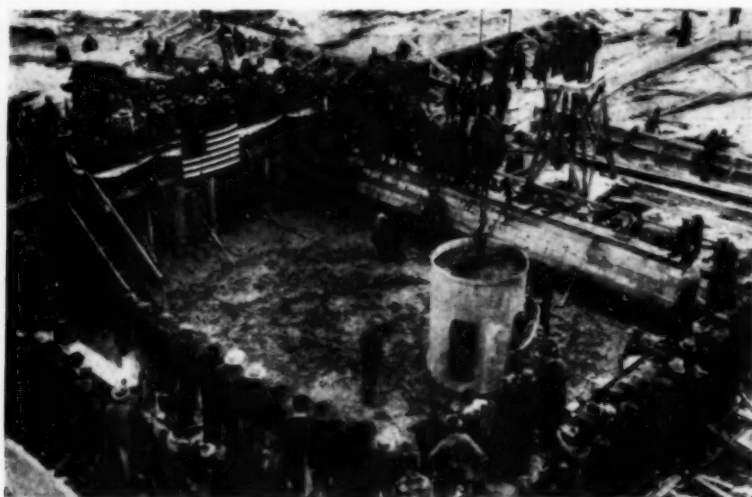
There is a sunny side to the situation. Largest market for used cars probably is among factory workers, now getting back onto their financial feet. Tens of thousands have gone without cars for 2 or 3 years, need transportation now they are back at work. They won't wait until spring to buy. What is more, factories are making a concerted drive to help dealers move used cars. Best example is Chevrolet's national used car sales department, recently created and now functioning smoothly.

Detroit now wonders if it has been seeing in January and February an omen which doesn't exist. There may be a temporary decline in retail car sales after Christmas, but odds are against an alarming drop.

Factories apparently aren't too worried about the outlook, as they tentatively are setting production schedules early in the coming year equal to those in November and December. They appear concerned about building up better backlogs of steel and other materials so that operations will not be interrupted by possible shortages.

## Shows Probable Next Fall

Even if sales early in 1936 aren't so hot, the industry will have a chance to go into March with dealers adequately stocked with cars then for the first time on record. This will stimulate early spring business. It seems a safe bet, therefore, that fall announcements will be continued next year. Opinions differ, of course, on the details. Some favor an October show date, others later in November. Also sentiment exists in behalf of the industry's leading off with the Chicago show (because of its thumping success this year) instead of the traditional New York show for 1937 season. Everyone agrees, however, that the Chicago show, if it is to duplicate its recent brilliance, will have to be a dealer-managed affair if it is to clinch Ford's participation, which is regarded as essential.



**GRAND COULEE GETS ALONG**—Gov. Clarence Martin of Washington (in workman's clothes grasping bucket, right) pours the first concrete for Grand Coulee Dam, on the Columbia River. Before actual construction could begin, a mountain of sand and volcanic ash had to be moved and the bedrock smoothed. Ultimately, Grand Coulee will be the world's largest dam, irrigating 1,200,000 acres and furnishing power to a wide territory in the Northwest.



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DECEMBER 14, 1935

15

# Toward Controlled Prices

**Revolt of the drug wholesalers dramatizes for the benefit of manufacturers—and Congress—the intensity of demand for federal price control legislation with an anti-chain bias. Major grocery interests hold their fire.**

PRESUMABLY it was Thanksgiving season, but that fact only served to heighten the irony of the plight in which sales managers of three big drug manufacturing houses—Lehn & Fink, Feenamint, and American Home Products—found themselves late last month. Just a day or so before the annual festive occasion the mailman plunked down on the desk of each a batch of several thousand orders. Now orders are customarily a cause for some thanks-giving in themselves, but these were all orders for 1/12 of a dozen tubes of Pebecco or two small bottles of Petrolagar to be sent to corner druggists throughout the country—orders which wholesalers had refused to handle and had forwarded to manufacturers ill-prepared for such a flood of two-bit business. Important dealer good will was at stake.

A few days later, some half dozen other drug manufacturers, including Ponds, Mentholatum, and Italian Balm, found themselves similarly confronted with thousands of small drop shipment orders. This week, 15 additional manufacturers were slated to feel the effect of the wholesalers' revolt.

## Back to Chain Investigation

When the fact and full extent of that revolt became apparent, trade observers were not long in getting to the bottom of the problem, though the trail led all the way back to 1928 when, as a result of pressure from wholesalers and independent retailers, the Federal Trade

Commission was authorized to undertake a chain store investigation.

Finally completed in December of last year, that investigation provided definitive information on the buying advantages enjoyed by chain stores: advertising allowances, special discounts, brokerage commissions, and other assorted kickbacks. In the food field, the commission found that as much as 45% of the retail price advantage which chains held over independents could be accounted for by the special discounts which made possible lower buying prices.

## Small Wholesalers' Ammunition

This was grist for the independents' mill—and it was ground with a vengeance in many a state legislature this past year when chain taxation was under consideration. Specifically was it grist for the mill which J. H. McLaurin operates for the United States Wholesale Grocers Association, an organization of small, old-line wholesalers who get very little of the gravy which the manufacturers ladle out not only to chains but to the big voluntary groups and to the larger distributors represented in the rival National-American Wholesale Grocery Association.

So with Representative Wright Patman on hand to do a good deal of the pushing, Mr. McLaurin started the snowball rolling down the food front. For independent grocers Mr. Patman obligingly performed two jobs. Under authority to investigate the new American Retail Federation, branded by wholesalers as a super chain store lobby, he first skillfully dramatized the whole issue at stake by such "revelations" as the discovery that A.&P. got \$6 millions a year in advertising allowances, that for the same purpose Liggett in 1934 got \$797,000 and spent for advertising only \$638,000. Secondly, he introduced the Patman bill, designed to eliminate chain price discrimination by amending Sec. 2 of the Clayton anti-trust act.

## Clayton Act Loopholes

More than 20 years ago, Sec. 2 was drafted to afford protection against just that sort of price discrimination which the independents now protest. Actually, it has been an instrument of little value, for various subsections provide that it shall not apply to price differences occasioned by differences in quantity, quality, grade, selling costs, transportation costs, or those made "in good faith to meet competition."

Attempts to stretch the Clayton act



**CHAIN BAITER**—With his "revelations" about A.&P. and Liggett advertising allowances, Representative Wright Patman last year highlighted the big issue of the day in distribution circles, took a commanding lead in the legislative fight to protect independents. This year his star seems on the wane.

so that it would cover that type of price discrimination charged against the chains have not been signally successful, though FTC has for the past two years been carefully engaged in building up its prize test case, based on the charge that the Goodyear Tire & Rubber Co. has violated the law in granting to Sears, Roebuck & Co. prices which discriminate against other dealers.

## Launch Legislative Attack

But last year Mr. Patman and his independents felt they couldn't wait for that ultimate decision—particularly when such good ammunition was at hand. Hence the Patman bill which endeavors to establish definite yardsticks (to be administered by FTC) in determining the legality of price discriminations under the Clayton act exemptions. Anxious lest the spotlight be entirely stolen from them and desirous of seeing chain discounts brought down more nearly into line with their own, members of the National-American outfit were quick to draft a bill which similarly recommended wide extension of the FTC regulatory powers, the addition of penalty fines, and expansion of the act to include outright prohibition on sales below cost.

Not to be outdone, FTC itself had a bill, introduced by Representative Mapes. FTC's idea was that the whole difficulty could be expeditiously solved by eliminating all exemptions under the Clayton act and granting to the commission power to regulate "unfair and unjust" discriminations.

Meanwhile, on the drug front, price

## News—And History

The proposed Van Nuys amendment to the Clayton act, the revolt of the drug wholesalers, the tactics of grocery interests—these things are current news, and it is *Business Week's* job to report them. The chain store investigation, the Patman bill, and the state fair trade laws are not of such recent vintage and lie normally beyond our present purview. But in the whole sphere of distribution nothing today is of such vital import as the drive toward price control legislation. Hence in this article today's news and tomorrow's prospects are rehearsed against the full background of yesterday's facts in an attempt to present a comprehensive picture of the forces that move behind the marketing scene.

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**On Sales.** Powers bring complete day-to-day analysis, giving cost per sale, volume compared to quota, results by salesman, by item. Predicts style trends, helps uncover loss items, reduces depreciation and inventory.

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Powers machines and methods are serving banks, chain stores, public utilities, Federal, State and Muni-

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stabilization tactics were of a different type. For one thing, in the drug industry the problem of chain buying advantages has not been so acute, principally because drug chains handle an appreciably smaller portion of the total volume, hence do not cut quite so much ice. For another thing, the severe cut-price competition of the "pine-boards" has resulted in something of an armed truce between independents and chains. Hence in the drug industry activities have centered largely about the problem of maintaining prices at retail.

#### Price Maintenance Fails

Well aware of what side their bread was buttered on, some individual drug manufacturers have sought to satisfy militant independents by instituting various resale price maintenance plans. But these have flown straight in the teeth of anti-trust law court decisions which have uniformly held that a manufacturer in interstate commerce cannot refuse to sell because of failure to maintain prices. Vigorous FTC prosecution of such companies as Mead Johnson, Bristol-Myers, and Armand readily convinced independents that little hope lay in this direction.

Hence, retail and wholesale drug interests have embraced the California idea and successfully agitated the cause of state fair trade laws, permitting manufacturers to establish resale prices by dealer contracts within the state and making such prices legally binding on all dealers. Currently, on behalf of the National Association of Retail Druggists, Senator Millard Tydings has agreed to sponsor in the next session a national fair trade enabling act.

Proposed as an amendment to the Clayton act, it provides that the federal ban on contracts in restraint of trade shall not apply to those agreements between manufacturers and dealers signed in accordance with state fair trade acts, 10 of which are already in existence. Essentially, it would have the effect of removing one serious objection of manufacturers, many of whom are none too enthusiastic about the fair trade procedure: it would relieve them of the necessity of incorporating separately in every state (an expensive procedure, inasmuch as the manufacturer is then subject to each state's corporation taxes) or entrusting administration of the contracts to a local wholesaler.

#### Fair Trade Pitfalls

Two fundamental deficiencies in the fair trade pattern are apparent, even assuming that the Tydings bill is passed. First, the whole structure stands in serious danger of invalidation by the courts; decision in the Macy and Seck & Kade cases before the New York Court of Appeals (*BW*—Nov 28 '35) and in the Max Factor case, now before the California Supreme Court (*BW*—Nov 7 '35) is expected before Christmas.

Secondly, fair trade laws do not in themselves directly guarantee the wholesaler any better break with the chains in the all-important matters of advertising allowances and special discounts.

Long harassed by the necessity for handling the small drop shipment orders with little profit to themselves, and worried now by Liggett's move (through United Drug) to skim the very cream off their business by opening new wholesale houses in Chicago, Boston, Dallas, and elsewhere, drug wholesalers have adopted strong tactics to force manufacturers to support their demands for a better buying deal. And to cement their alliance with the retailers, the wholesalers' revolt, reputedly directed by A. Kiefer Mayer, president of National Wholesale Druggists' Association, was aimed first at those manufacturers whose performance under the fair trade laws has been something less than distinctive.

Specifically, drug wholesalers are now interested in that same objective which has absorbed food men for the past year—the elimination of chain buying advantages. And this year's Federal Trade Commission report, made public last week contains what independents believe to be the answer to their problem.

#### FTC for Discount Filing

After pointing out that, under the Clayton act, any difference in quantity apparently can be used to justify any amount of price discrimination, the commission recommends that it be given power to compel the filing of all "special discounts and allowances which are not openly and generally made to the trade." If a requirement for the regular publication of such discounts is coupled with this, wholesalers feel that the evil will be eliminated, for trade pressure would

soon see that any unfair circumstance was speedily corrected, that all special discounts were made generally available.

Supporters of this program (which would be joined one more amendment giving the commission authority over all "unfair and unjust acts in commerce," rather than simply over "unfair competition") were materially encouraged by Senator Frederick Van Nuys' announcement that he was prepared to support just such legislation in the next session of Congress. Oddly enough, this announcement coincided almost exactly with the dumping of drop-shippers.

#### Hope for Food Support

While the Van Nuys bill is being drafted, drug independents hope that food men can be enlisted in support of the proposed legislation. But, meanwhile, the Food & Grocery Conference Committee, composed of big food manufacturers, big wholesalers, voluntaries, and chains, is keeping its own counsel. And for good reason. Afraid of too rabid or too partisan legislation, such as the Patman bill, they prefer to deal directly with FTC in the expectation that the commission will eventually embody its recommendations in the form of an FTC bill. Again, the very membership of the Food & Grocery Conference Committee, specifically including chains, is indicative of the fact that the food men are anxious not to move so fast that the existing competitive situation is radically changed. Food manufacturers must depend upon chains and voluntaries to move more than half their goods, and always over their heads hangs a Damocletian sword—the chain store private brand.

Still unreconciled, Mr. McLaurin and his small wholesalers hope to keep alive



**FOR PRICE PROTECTION**—In the impending legislative battle, independent drug interests place their chief hope in Senator Millard Tydings (left) and his national fair trade enabling act and in Senator Frederick Van Nuys and his proposal to compel the filing with FTC of all special discounts and allowances.

the next session both the Patman investigation and the Patman bill, now pending in the House Judiciary Committee together with the Mapes bill. Finally for the guidance of befuddled Congressmen in whose lap the whole problem will shortly be dumped, NRA's review division is rushing to completion—probably by the middle of January—study of the technical and legal problems involved, with special attention to performance under and after NRA's limitation provision. Mark Merrill, former assistant deputy administrator of drug codes, now in charge of the study, mailed out 21,000 questionnaires this week to drug and grocery retailers. In view of the Administration's inclination to favor "the little man," anti-trust enthusiasts anticipate that Congress, although befuddled, will at least be predisposed toward their point of view.

## Less Sauerkraut

Drought cuts cabbage crop; packers plan 48% reduction.

SAUERKRAUT eaters will have to go on half rations in 1936, says National Kraut Packers' Association, with headquarters in Chicago. Reason is that packers have reduced their cut of cabbage for kraut purposes to 112,195 tons, against 216,000 tons a year ago. In terms of sauerkraut, this 48% drop means a reduction of 3,114,150 cases. Present inventories are placed at 3,48,000 cases, expected to be exhausted long before the 1936 season gets under way in October. This is 30% less than inventories of a year ago.

Sauerkraut shipments are moving rapidly, approximating 700,000 cases in October, as against average monthly shipments of about 500,000 cases during the last 14 months. Eastern packers reported a 35% increase over October, 1934.

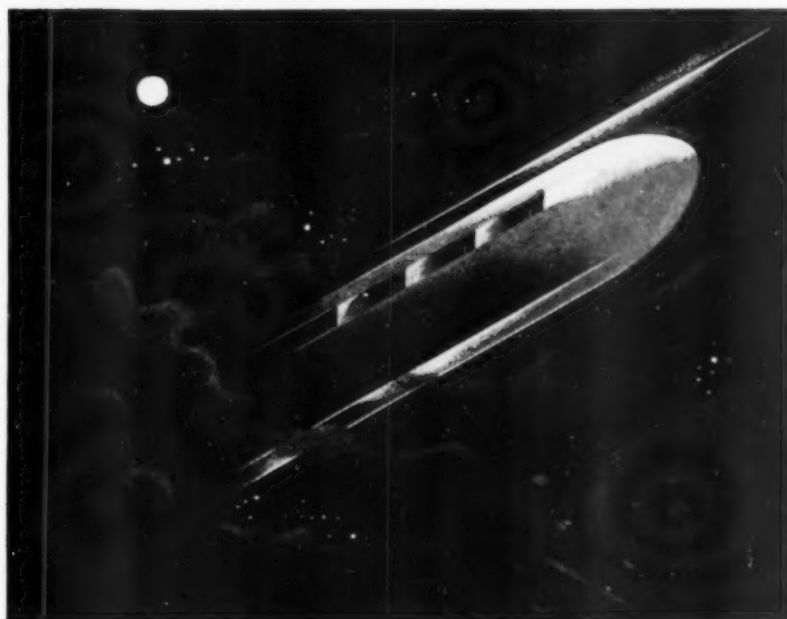
Largest shortage is in Wisconsin and Minnesota, where the cut is 47% of the 1934 out-turn. Packers in Central and Eastern states run about 55%. Drought is responsible for smaller supplies.

## Movies to Radio

Hollywood building new industry from recording programs; Australia buys.

HOLLYWOOD sees the beginnings of a new industry—a profitable byproduct of movie making—in recording of transcriptions for radio broadcasting stations.

Largest present customer is Australia, which imported 15,000 recorded programs this year from the movie capital. This total is 85% of Australia's impor-



## Fantasy

ROCKET PLANES the size of ocean liners—with the speed of bullets. Skyline boulevards connecting a city of 2000-foot structures. Pipe dreams? Maybe. But so once were the mental conceptions of the "horseless carriage," of the "flying machine," of "a metal (steel) three times as strong as iron."

And because Science never stops improving what she invents, we can well laugh today at her original models or formulæ. (By the same token can we, then, afford to ignore her further developments of the new trends they may forecast?)

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tation of American transcriptions in the United States supplies 95% of the country's broadcasting discs.

Reasons for Hollywood's enthusiasm. Manufacturers believe they have an edge on Eastern competitors. For nothing recording talent is available at lower cost, transcription work being much "gravy" to movie studio artists.

## Who Owns Industry?

**National Steel gives tax collector an answer in analysis of its own stockholder list.**

IRON-JAWED steel master Ernest T. Weir, whose Weirton Steel Co. was the knife that carved the 7-a (collective bargaining) leg off the Blue Eagle before the Schechter chickens were hatched, has now guinea-pigged stockholders of Weirton's parent company, National Steel Corp., to disclose where the business tax of the 1935 revenue act hits.

He questioned his stockholders to find out just what kind of people owned the company and would bear the highest taxes under the system of graduated corporation income levies.

Among other things he found that (1) Farmer, laborer, clerk, professional man, technical worker, retired housewife, business man, unemployed were listed under occupation by the greatest number;

(2) 27% of stockholders had incomes of less than \$3,000; 43% less than \$5,000; and 66% less than \$10,000;

(3) 39% received their chief support from investments;

(4) 93% bought the stock and about 6% had received it as a gift or through inheritance.

Those with incomes below \$3,000 own an average of 46.6 National Steel shares which comprise 27.6% of all their investments. But they also own securities of 9.9 other corporations and get 38.9% of income from investments.

Those between \$3,000 and \$5,000 income own an average of 56.6 National Steel shares which make up 20.5% of their total "box." But they own securities of 13.5 other companies and get 41.7% of income from investments.

Those with \$5,000 to \$10,000 incomes hold an average of 109.5 National Steel shares and that is 13.9% of their total investments. They hold stocks in 19.5 other corporations and are dependent upon investment for 46.4% of their total income.

The 31% of National Steel stockholders whose income runs above \$10,000 hold an average of 383.6 shares which represent 9.8% of all their investments. They spread their investments over an average of 26.7 corporations and get 57.1% of their income from these



## New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

MAGIC CHIMNEY CLEANER is advertised by Ace-Hy Products Co. for removing soot from boiler tubes, flues, and chimneys without manual assistance. It is a dry compound, comes in packages, and is intended to be put directly into wood or coal fires or in the oil-burner flame.

SPONGES made of pure cellulose are offered by Schroeder & Tremayne as being soft, tough and pliable when wet, able to hold water like a natural sponge and stand washing in boiling water without injury. They are supplied in four sizes and sell at a low price.

FOR correcting or marking blueprints Eagle Pencil Co. now offers an aluminum pencil, which is used like an ordinary lead pencil, makes clear, non-erasing lines that can be erased, comes in two grades and costs no more than the usual first-class pencil.

RAPPE KELP LABORATORIES advertise for table use a health salt that is extracted from kelp taken from the Pacific Ocean and is reported to contain numerous mineral elements of value in the diet.

SERVEWELL portable food warmer, announced by Utility Electric Co., has three heat-resisting glass dishes, each of 1-qt. capacity, employs hot air as the heating medium, may be regulated for high or low heat and is so constructed as to heat all containers uniformly.

THE new 6-curve super armorplate lens, just announced by the American Optical Co., particularly for industrial eye-protection equipment, is of high curvature design and is advertised to withstand impact blows that have 12 times the energy prescribed in U. S. government standard tests.

A NEW rotary clock is offered by K&S Sales Co. It has no hands and no face, but a time meter band which revolves between a solid base and top. Plain-figure reading of hour and minutes is shown by an arrow point fixed upon the base. The clock is supplied in several finishes and colors, is patented, and is sold for premium and gift purposes only.

THE Sector buff, recently patented by J. J. Siefen Co. and now offered commercially, makes possible the use of old discarded buffs, through their recutting and the assembly of six sectors into one new buff.



**T**YPICAL of the dollar-and-cents value of continuous General Electric lamp research and development to industry, is the history of the widely used 300-watt MAZDA lamp. The improved light from a 300-watt MAZDA lamp of today, plus the great reduction in the price of the lamp itself, means that, based on 1921 lamp and current costs, the user of a 300-watt lamp

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# Nation and City vs. Employer

**Labor Relations Board seeks court test of Wagner act in Greyhound case. Unions may ask cities to copy Milwaukee ordinance for shutting plants in strikes.**

"CEASE and desist," said the National Labor Relations Board this week, in its first order designed to force an early court test of the Wagner act.

But industrialists were confident that the Supreme Court would hold the act unconstitutional, at least as far as it affects manufactures. And they wondered if they would then have to face state and local legislation, of the kind already passed in Milwaukee and recently proposed by a New York City alderman (BW—Dec 7 '35).

In effect, such legislation is a local Wagner act. It provides that when an employer refuses to let his employees bargain collectively, and when mass picketing follows, the city may shut his plant as a menace to public order.

## Employers Rebuked

Last week J. Warren Madden, chairman of the board, sharply told 1,000 leading industrialists at the convention of the National Association of Manufacturers that many employers were unlawfully keeping their employees helpless by not letting them organize.

This week he and his fellow members of the board ordered the Pennsylvania Greyhound Lines, Inc., subsidiary of the Pennsylvania Railroad and the Greyhound bus interests, to reinstate five discharged union men and to withdraw recognition of a company union.

Seeking an early court decision in what it regards as its strongest case, the board announced that it would ask the United States Circuit Court of Appeals to enforce its cease-and-desist order. Pennsylvania Greyhound runs buses across state lines and thus is considered within federal jurisdiction. The board would like to get this case to the Supreme Court before employers can get there with one affecting manufacturers.

## States and Cities May Act

If the Supreme Court rules that the labor relations of manufacturers cannot be controlled by Congress, organized labor will seek a constitutional amendment giving Congress the desired power, and meanwhile some states and cities may attempt to enforce the right of collective bargaining.

In Milwaukee, this attempt arose from the strike that began last August at the stove manufacturing plant of the A. J. Lindemann & Hoverson Co., which has been in business in Milwaukee for sixty years. There were 900 employees when the strike began. It soon resulted in mass picketing. Many pickets and some policemen were hurt.



**MILWAUKEE'S "WAGNER"** — To beat employers who refuse collective bargaining, Alderman Frank Boncel, Socialist, introduced and had passed an ordinance with same motive as Wagner act—but sharper teeth. It allows the mayor to close plants as "a public danger."

For many years Milwaukee has had a Socialist mayor, Daniel W. Hoan, and a Socialist minority in its Common Council. But it has not been a Socialist city. Generally Mayor Hoan has been content to give an orthodox, efficient administration. Most Milwaukeeans have been proud of their city government, particularly of its low crime record.

In labor matters, however, Mayor Hoan has been unorthodox. He has played along with the unions and angered the employers.

## Police Break Picket Lines

But the employers have had the protection of the police department, which is outside the mayor's control, and of the sheriff's office. Sheriff Joseph Shinn has repeatedly broken up picket lines and is slated as the employers' candidate for mayor at the election next spring. Chief of Police Jacob G. Lauenheimer has also fought the picket lines and is at odds with Hoan.

After the picketing had continued for weeks and a lot of pickets and a few

policemen had been hurt, Alderman Albert Janicki, LaFollette Progressive, suggested to Alderman Frank Boncel, Socialist, that an ordinance be passed for shutting the plant. Much to Alderman Janicki's grief, Alderman Boncel introduced the ordinance himself and got the credit for it.

The ordinance provides that if an employer refuses to negotiate with the representatives of a majority of his employees, and if such refusal causes 200 or more persons to assemble near the plant for an hour or more on two successive days, the mayor or the chief of police may shut it. An advisory committee of nine persons is to investigate the facts and make recommendations, but the mayor or the chief may shut the plant, or let it stay open, regardless of what the committee recommends.

A. J. Lindemann, the aged, white-mustached president of the company, shut the plant a few days after the ordinance was passed. But he is fighting the ordinance in the courts, and some of his non-striking employees have obtained an injunction against violence by pickets. After a few weeks of idleness, the company reopened its plant and is now employing several hundred people. Stone-throwing at the windows has recently been resumed, and it was believed this week that Mayor Hoan might attempt to enforce the ordinance.

## Plants Might Move

The labor troubles in Milwaukee and in several other Wisconsin cities have caused a resumption of employers' threats to move from the state. The Walker Manufacturing Co., manufacturer of automobile jacks at Racine, Wis. (26 miles from Milwaukee), was tied up by a strike that began in September. After a month it announced that it would move to Jackson, Mich.

But strikes elsewhere have caused plants to move into Wisconsin. The Kinite Corp. moved from Fairmont, W. Va., to Sheboygan Falls, Wis., where the city government is anti-union. The mayor, Dr. F. A. Leighton, a 215-pounder who was once a college halfback, is prepared to use drastic methods to keep unions from organizing. He has got together a force of 2,000 men to support his police and drive union organizers out of town.

This situation is not typical of Wisconsin, but neither is the Milwaukee strike-closing ordinance typical. In spite of the frequent threats to move plants out of the state, most employers in Wisconsin get along fairly well. They do not like some of the state's social legislation, but they say that under all administrations—Republican, Democratic and Progressive—Wisconsin has been efficiently governed and tax revenue has been spent honestly. Such crookedness as has been notorious in some neighboring states is unknown in Wisconsin.



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## Labor Boycott Suit

**In test case affecting whole building industry, electrical manufacturers fight union ban.**

THE leading electrical manufacturers of the country went to war this week against the union that is trying to organize their employees. It was not a war of pickets and sieges and strike-breakers. It was waged by written and spoken words in the federal courts.

The union has been whipped on one labor front—that is, in the plants themselves. But it has won a considerable victory elsewhere. The building trades in many cities are unionized, and in some places the electrical workers have stopped the installation of articles manufactured in non-union plants.

It was to circumvent this victory that the manufacturers instituted action.

### Invoke Anti-Trust Law

"By means of strikes, boycotts, threats, and intimidations, the local union has thrown an economic wall around the 10 million or more people residing in the New York metropolitan district," said W. J. Donald, managing director of the National Electrical Manufacturers Association, when the association and 14 of its members filed a joint complaint in the United States District Court at New York City against Local Union No. 3 of the International Brotherhood of Electrical Workers, under the Sherman anti-trust law. (The same local was involved this week in a labor dispute with the Queens Electric Light & Power Co. There were predictions of a strike that might spread to tie up power in New York City.)

But more than this local is affected, and more than the metropolitan New York district. If the manufacturers win their case, they will apply the same methods in other districts where the international has used control of building operations as a weapon against non-union electrical manufacturers. And manufacturers of other materials will probably sue other building unions that have boycotted their goods.

### Injunction Sought

The electrical manufacturers ask damages, which, it is estimated, may run to \$1 million. They also ask an injunction to keep the union from continuing its boycott. The complaint alleges that throughout Greater New York and Long Island, the union has entered into an agreement with electrical contractors, providing that the latter, and not the property owner or anybody else, must do all the buying of electrical equipment, and that they must hire union members only, and must not buy any equipment wired or assembled by non-union men outside the metropolitan area.

The Sherman act has rarely been invoked by employers against labor



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unions. When the Clayton act was passed during the Wilson Administration, Samuel Gompers had provisions inserted which were intended to safeguard unions against injunctions. But the courts have ruled that these provisions are not as effective as intended.

## Labor War and Peace

**Building trades end fight, Motor Products strike revives, Burlington and film strikes averted, stevedores settle in part.**

LABOR settled one deep quarrel within its own ranks last week. The nineteen building trades unions that split up into two groups a year and a half ago came together again. Jurisdictional disputes will be referred by a federal judge.

The strike at the Motor Products Corp. in Detroit, eagerly watched by the automotive industry, suddenly gained new life after it had seemed practically killed. The United Automobile Workers (the American Federation of Labor union), which had sent its members through the picket lines, voted to join the strike of the Automotive Industrial Workers Union and the Mechanics' Educational Society if the company refused to allow an election for purposes of collective bargaining. The National Labor Relations Board was being brought into the dispute. The three unions may merge, as John Lewis' industrial union committee is urging.

Electric Auto-Lite Co., at Toledo, asked its workers if they would accept

jobs at its plants in other cities if employment were interrupted for any reason. "A bluff," said union leaders.

President Ralph Budd of the Burlington Railroad agreed to let the National Mediation Board arbitrate the dispute with the Brotherhood of Locomotive Firemen and Engineers, 1,700 of whose members were threatening to strike unless two men, instead of one, were used in diesel-hauled Zephyrs.

### Gulf Longshoremen Settle

Coastwise ship lines settled the long strike of longshoremen in Texas and at Lake Charles, La., by granting wage and other concessions. The union called off all sympathetic strikes at Pacific and Atlantic ports, because negotiations were under way for full settlement of the Gulf strike.

The Tri-District Convention of Anthracite Mine Workers, meeting in Washington, formulated 27 demands to be included in a wage contract replacing the present one, which expires Mar. 30. The union demands higher wages and a 30-hour week, instead of the present 48-hour one.

The executive board of the International Ladies Garment Workers Union authorized a strike when the present contract expires, Jan. 31, unless the employers grant union demands.

The International Alliance of Theater and Stagehand Employees threatened to call out 5,000 employees in moving picture studios, and 30,000 in theaters, unless granted complete control of all types of workers. But an agreement, secret until details are completed, was reached that prevented the strike.

## Trusts Multiplying Fast

**Improving incomes, approach of higher gift taxes seen behind \$27-billion total. Administrators get headache trying to find best investments.**

ABOUT the only thing a trustee will not do for a client these days is to sew on buttons or go to the dentist. Practically anything else is likely to turn out to be an established trust service offered by a trust company, the trust department of a bank, an individual trustee or someone or something else that comes under the heading of a trust institution, to anyone or anything living or dead that has provided for a personal trust, estate trust, living trust, directional trust, corporate trust, or any other trust.

Gathering them all together, trusts and trustees comprise a very important segment of the American financial structure, with a marked influence on investment markets and real estate.

No one in the trust business will attempt to say just how much money is

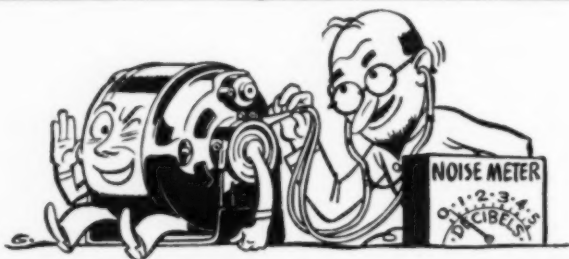
under direction of trustees. Comptroller O'Connor, addressing the A.B.A. convention in New Orleans last month, said that 1,578 national banks with active trust departments were administering individual trusts with assets aggregating \$9 billions. These are individual trusts, and whether the \$9 billions represent purely money under the free direction of trustees or not, and just how the trusts are valued, are unanswerable questions. But assuming that \$9 billions is a near approximation and that, as is sometimes tentatively suggested, state institutions and private trustees handle about twice as much as national banks' comparatively new-born trust departments, the result is in the neighborhood of \$27 billions.

Trusts are having a splendid year from standpoint of new business.



*"It doesn't add up, Fred . . . Roosevelt's speech on Friday and the National debt over 30 billion on Monday . . ."*

*"You must have missed last week's issue of Business Week. They explained the change in Administration publicity the same day Roosevelt's speech broke in the newspapers."*



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excessively rotten one from standpoint of income. New business, which has been taking a big jump in the last few weeks, comes from two sources: improving incomes among potential trust founders; approach of higher gift taxes. The latter is much more important.

Trust officials lately have been doing a thriving business by simply pointing out that a gift through trust now is not only cheaper than transmission through normal inheritance, but is also cheaper than a gift by trust after Jan. 1, 1936, when the new rates go into effect. Present gift tax rates compared with new 1936 ones are, for example, on a \$100,000 estate, \$1,125 vs. \$3,150; on a \$500,000 estate, \$44,325 vs. \$60,300; on a \$1 million estate, \$126,825 vs. \$158,250. Nice ammunition for trust people advocating irrevocable living trusts.

### Heavier Taxes Ahead

Upping of rates on Jan. 1, however, is only half the story. Trust officers say there is a wide and growing belief among people with property to pass on that taxes on wealth are not only going up next year, but probably will keep on going up in subsequent years. Hence, there is practically no tendency to wait for better tax days. On the contrary, propertied folk are quite ready to pay existing gift rates and get it over with before the government come-comes gets any worse.

Headache this year is in the investment end of the trust industry. Administrators of trust funds are literally in a whirl trying to make bread-and-butter money for estates in their care. This is particularly true of the relatively rigid type of trust where the trustee is limited to so-called legal investments, the high-grade class approved for savings banks by most states. With money swimmingly easy, yields on high-grade securities at record lows, corporations refunding at very low rates, the trustee with new funds or proceeds from maturities or redemptions is up against a real problem. Add to this the fact that administrators are trying to keep one eye on inflation, and the snarl is prodigious.

### Earning Power Limited

Occasionally, where the trustee has more or less carte blanche, the stock market has been a godsend. Trustees have kept incomes up by participation in the nine-month bull market and extra dividends of 1935. But on funds that must be placed in high-grade bonds (most common) the trustee is deadlocked between twin evils of getting stuck in long-term securities for the sake of income and getting practically no return from high-grade short-term securities for the sake of mobility. In the aggregate the result has been very simple—trust funds this year just don't produce as much.

There is, consequently, more emphasis



this year on the established fact that small personal trusts are a losing job for trust institutions. Five years and more ago there was a great drive for trust business, but the trade has had drilled into it the knowledge that trustee's income from small trusts is insignificant compared to outlay necessary for proper administration. Some large New York institutions feel that with necessary equipment of financial and real estate analysts, coupon-clippers, statisticians, etc., a personal trust involving less than \$100,000 costs the institution money.

Rules in trust business do not apply generally. About the only generalization that can be made from standpoint of earning power for the administrator is that trusteeship of capital issues of corporations is a nice clean, profitable business.

#### Individual Trusts in East

But experience with individual trusts varies. Boston lawyers, for example, for a century have made a nice thing out of individual trusts, usually becoming members of family circles and being invaluable not only in strict administration of trust funds, but in management of property, legal advice, and so on. In Pennsylvania, where the trust company also is a century plant, the family trust is an established institution. Somewhat the same thing is true of New York, oldest of all trust states. National banking experience in the field is still in its infancy, although it has made tremendous strides from the 1926 level of a few hundred millions to the present-day billions.

Geographically, concentration of trust funds runs with age of the community. Two-thirds of all American trust institutions are situated in the 15 Northeastern states. But wherever the trustee is parked this year his experience is the same—plenty of new business and plenty of trouble finding income.

### Fewer Vacant Offices

**Nationwide survey shows Southeast leading in renting; all sections gaining.**

OFFICE space, not scarce by any means yet, is filling up. National Association of Building Owners and Managers, in a recent survey, finds vacancies at their lowest percentage since Jan. 1, 1933, for 2,118 buildings in 55 cities.

All sections contribute to the pickup, the Southeast leading with 13.88% vacancies; other parts of the country range from there up to 25.74% for West Central states and 25.43% for East Central cities. The average for the country as a whole is 24.51% vacant—leaving quite a distance to be covered before the pre-depression average of 12% is reached.

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# Home-Building Gets Real Start

Study of figures on first year of residential construction gains in more than a decade shows where the market looks good, where better, where best.

For the first time in more than a decade, residential building construction will show an increase over the preceding year, and a substantial one at that. Based on building permits issued in all cities of 10,000 population and over, new houses built in the first 10 months of 1935 were valued at 162% more than for the same months of 1934, or at \$232 millions.

This means that 66,261 new dwelling units have been created, some 150% more than during the 10 months of 1934 and 112% more than the entire year 1933. Housing authorities expect this to be doubled next year when the housing drive really gets under way, but it will still be only a drop in the bucket to the more than 500,000 units built annually just prior to 1929.

On the opposite page, *Business Week* has compiled the state-by-state record of new residential building for the first 9 months of this year and compared it with the situation in 1934. In only one state, Vermont, is there less home construction this year than last, and for the New England region as a whole, the gain in new residential construction has been less pronounced than anywhere else in the country. Georgia, which has benefited by 2 large federal low-cost housing projects this year, heads the states in percent of gain over 1934, but on a regional basis it is the Mountain states with gains of 290% that lead the nation, followed by 272% for the South Atlantic states, and 252% for the East North Central states.

## Five States Out in Front

From a volume point of view, there are only a handful of states that are important. The 5 states plus the District of Columbia which are shaded in black on the map accounted for \$114.9 millions out of the total of \$212.2 millions of new building, or 54%.

Among the 25 largest cities in the United States, only the 2 leading cities in New Jersey have fallen below last year's figures, as indicated in the table. New York City leads in volume, followed by Washington, D. C., where expansion of governmental forces has taxed housing facilities. Indianapolis' big gain, like Georgia's, is accounted for by a federal low-cost housing project.

While rent increases have followed close to food increases in the average workman's budget, there is no close tie-up between rent raises and construction gains. Minneapolis rents in October, 1935, stood 30.6% above those of Oc-

tober, 1934, with new construction for the first 9 months' period up 202%; but, according to records compiled by the National Industrial Conference Board, rents in Washington, D. C., were unchanged compared with a year ago while new home building was up 252%. Rent increases in other leading cities follow: New York, 1.9%; Chicago, 8%; Philadelphia, 7.3%; Detroit, 12.8%; Los Angeles, 19.4%.

As in past years, the one-family house dominates the building market, but the feature of the 1935 market is the strong revival of apartment house construction. In 766 identical cities, dwelling accommodations provided in multi-family houses increased 181%, in one-family houses, 143%.

This year's building revival is, moreover, a revival of private construction, privately financed. While the federal

program of low-cost housing has affected individual cities, the program as a whole will have but a minor influence on the building picture, since the total allotment is comparatively small, and concentrated on non-profitable units.

In the modernization and repair field, federal encouragement of borrowing is estimated to have stimulated over \$1.1 billion of business. November marked a new peak in such loans both in number and amount. Through October, New York State heads the list in such modernization loans with a total of \$40.1 millions, followed by California with \$29.0 millions, New Jersey with \$13.2 millions, Illinois with \$9.7 millions, and Pennsylvania with \$9.6 millions.

## Results Tabulated

Results in new construction and repair are apparent in sales of such building accessories as paints, which for the 10 months of 1935 are up 20%; brass plumbing fixtures for 8 months, up 55%; cast iron radiator shipments for 9 months, up 17%; vitreous china plumbing fixture shipments for 10 months, up 100%; common brick shipments for 9 months, up 32%; lumber flooring for 9 months, up 49%.

# Behind Britain's Housing Boom

Low costs, adequate financing at 5%, an attractive return, and a housing shortage built England's housing boom.

BRITAIN is in the midst of a housing boom. It started in 1932. Each year has shown greater activity than the one before. There's no sign of a collapse yet, though many a smart Englishman believes it is near, even beyond, its peak.

Several features of the British experience need to be explained. In the first place, the building boom, until about a year ago, was entirely due to residential construction, in contrast to commercial construction and vast public works which have been characteristic of building activity in most other countries. It started definitely in 1932, made its greatest increase in 1933. By 1934, the volume of residential building was nearly 50% ahead of 1930. In contrast, only one-fourth as many homes were built here last year as in 1930.

## Private Enterprise Credited

Though Britain has tried various subsidy programs since 1919 to help meet its housing shortage and to improve its homes, three out of every five new homes built in the present housing boom have been built by private enterprise without subsidies. The common belief here that the bulk of England's new building has been at least partially financed by the government probably grows out of a knowledge of the situation during the

first 10 years after the war when more than half of the new homes were financed by liberal subsidies. It is only since 1930 that wholly unsubsidized building has accounted for the bulk of Britain's modern homes. The Housing Act of 1933 completely abolished subsidies except for slum clearance and the rehousing of displaced slum dwellers.

## Shortage Still Exists

The shortage of houses which developed in England during the war has not yet been replaced. That is one important reason for the boom. A second is low building costs, which are lower now than at any time since the war—partly due to improved use of materials and prefabrication. A worker's house costing \$3,610 in 1920, could be built for \$1,725 in 1931 (just before the boom), and for \$1,430 last year.

Probably the most important building stimulant is the availability of mortgage money at reasonable rates. Whatever the other effects of state subsidies for housing have been in Britain, they have fired private capital and industry with the ambition to get rid of them except for building homes for the extremely poor. To do this, building costs have been pushed to a point where private initiative can put up and rent homes



SALES OPPORTUNITIES IN NEW CONSTRUCTION	SALES OPPORTUNITIES IN NEW CONSTRUCTION	SALES OPPORTUNITIES IN NEW CONSTRUCTION	SALES OPPORTUNITIES IN NEW CONSTRUCTION	SALES OPPORTUNITIES IN NEW CONSTRUCTION
<p>CHICAGO, ILL.—Commonwealth Edison Company has approved plans for extensions and improvements in power substation on North Western Avenue. Cost over \$60,000, including equipment.</p> <p>DAYTON, OHIO.—Bendix Aviation Corporation, 105 West Adams Street, Chicago, Ill., plans installation of motors and controls, conveyors and other equipment in connection with extensions and improvements in former plant of Radio Products Company, Dayton, recently acquired for new precision instrument works. Cost over \$200,000.</p> <p>ROCHESTER, N. Y.—Rochester Gas &amp; Electric Company plans extensions in transmission lines in Wayne and Monroe Counties, with new distribution lines, power substation and service facilities for rural electrification in number of areas. Fund of \$200,000 has been authorized.</p> <p>DENVER, COLO.—Purchasing Agent, Bureau of Reclamation, receives bids until October 18 for 40 floodlights (Proposal A 23125).</p> <p>KNOXVILLE, TENN.—Tennessee Valley Authority has authorized construction of new transmission lines in Western Tennessee disconnection station for service from generating station, Dyersburg, hydroelectric Trenton, Dyersburg, from Union City and other communities, from at Jackson, Covington, and communities, from Union City and other communities, from which points a series of secondary lines will be built for rural electrification throughout this area. Project will include about 250 miles of steel tower and wood pole lines, with power substation and service facilities.</p>	<p>CHICAGO, ILL.—Commonwealth Edison Company plans new addition to main generating plant on Tefft Street, including installation of 12,500-kw. turbo-generator unit and accessories, high pressure boilers, stokers, auxiliary equipment. Proposed to be work in about 90 days. Cost close to \$1,000,000.</p> <p>KNOXVILLE, TENN.—Director of Purchases, Tennessee Valley Authority, Knoxville, will receive bids until October 10 for gasoline-electric generating unit for auxiliary service at Wheeler hydro-electric plant.</p> <p>CHICAGO, ILL.—Continental Can Company, New York, N. Y., plans installation of electric light and power plant, electric motors and controls, conveyors, electric and other equipment in new three-story addition to can manufacturing plant in Chicago. Cost close to \$300,000.</p> <p>BATTLE, WASH.—Has plans under way for power dam and other construction for hydro lines and other construction for electric power plant in city-owned power facility. Estimated to cost \$14,500,000. Project includes dam construction to cost over \$10,000,000; new transmission line from power plant at Skagit to South Fork, Seattle, \$2,500,000, using fabricated towers; new South substation, \$1,175,000; new North substation, \$467,000; hydroelectric generating station for auxiliary service, \$14,500,000, including transmission lines.</p>	<p>SAVANNAH, GA.—Savannah Electric &amp; Light Company plans extensions and improvements in electric generating plant, steam-operated electric generating plant, with installation of new turbo-generators and accessories. Cost about \$1,000,000.</p> <p>DELR.—Ludlow Manufacturing Company, Ludlow, Mass., plans installation of electric light and power plant, electric motors, controls, regulators and other equipment in new multi-story building on 10-acre tract of land at Edge Mount, near Wilkes-Barre, Pa. Has plans for proposed electric light and power plant, electric motors, controls, regulators and other equipment in new three-story addition to can manufacturing plant in Chicago. Cost close to \$300,000.</p> <p>NEW YORK, N. Y.—Public Service Electric &amp; Light Company, Newark, N. J., has approved plans for extensions and improvements in electric generating plant, steam-operated electric generating plant, with installation of new turbo-generators and accessories. Cost about \$1,000,000.</p> <p>CHICAGO, ILL.—Public Service Electric &amp; Light Company, Newark, N. J., has approved plans for extensions and improvements in electric generating plant, steam-operated electric generating plant, with installation of new turbo-generators and accessories. Cost about \$1,000,000.</p>	<p>SOUTHERN INDIANA GAS &amp; ELECTRIC COMPANY plans extensions and improvements in electric generating plant, steam-operated electric generating plant, with installation of new turbo-generators and accessories. Cost about \$1,000,000.</p> <p>CHICAGO, ILL.—Public Service Electric &amp; Light Company, Newark, N. J., has approved plans for extensions and improvements in electric generating plant, steam-operated electric generating plant, with installation of new turbo-generators and accessories. Cost about \$1,000,000.</p> <p>CHICAGO, ILL.—Public Service Electric &amp; Light Company, Newark, N. J., has approved plans for extensions and improvements in electric generating plant, steam-operated electric generating plant, with installation of new turbo-generators and accessories. Cost about \$1,000,000.</p>	<p>CHICAGO, ILL.—Public Service Electric &amp; Light Company, Newark, N. J., has approved plans for extensions and improvements in electric generating plant, steam-operated electric generating plant, with installation of new turbo-generators and accessories. Cost about \$1,000,000.</p> <p>CHICAGO, ILL.—Public Service Electric &amp; Light Company, Newark, N. 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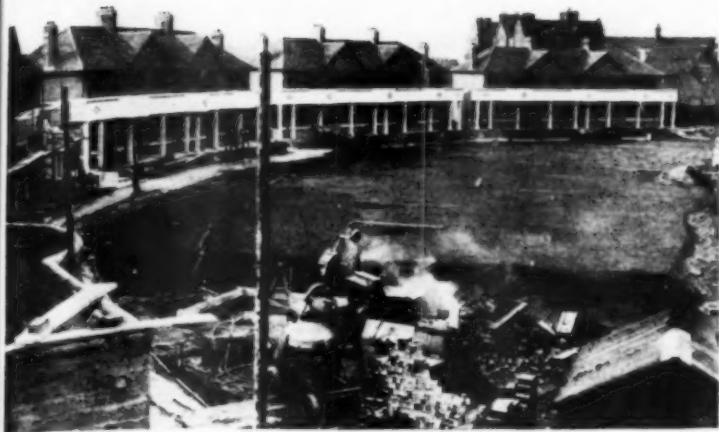


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Globe

**550 DOWN, \$4 A WEEK**—Some of them run higher, but England has hammered the minimum price of houses down to where most laboring people can afford them. Flats, too, are available at low rents—at Cubitt Town model homes for retired shipworkers are being built, sponsored by a London firm of ship repairers to encourage workers to retire at 65 and thus make way for younger men.

which the mass of working families like and can afford to rent. When, in addition, financing is available at 5% on long-term loans private builders have been able to build and rent in competition with the government.

#### Building Societies' Operations

Loans to home builders in England are principally provided by Britain's building societies, which are comparable in many ways to our building and loan organizations. There are more than a thousand of these societies in Britain, with 2½ million members, and with share capital of \$2 billions. These societies pay 3½% to 4% to their shareholders, 3% to 3½% to depositors.

When Britain wrote its latest Housing Act (in 1933), it provided that if building societies would lend up to 90% of the cost or value of a house at a rate 1% lower than the general rate of interest, the government and local housing authorities would jointly guarantee to the society almost all the investment above 70% of the cost. Loans ordinarily run for 20 years.

British housing authorities who have visited the United States believe that Britain's boom got its earlier start because of the pent-up demand for houses, because there was an earlier return of consumer confidence in Britain than in the United States, because rents remained fairly stable in Britain and made an investment in some housing project attractive when the return from industrial shares lagged, but most of all because of the greater availability of mortgage money at lower rates than here.

President Roosevelt pointed out only recently that the prevailing mortgage rate is 6% in this country, though 8% and 9% loans are not uncommon in many sections. It is also a fact that in the United States, most building and

loan mortgages run for a maximum of 11 years, and are issued on only 50% of the cost of a property. Loans from most other organizations run for only two to five years. This is usually attributed to the fact that, except in the oldest settlements in this country, real estate and housing has been a highly speculative investment on which the owner expected to realize a large profit simply from holding it for a short time, so he could afford to pay a higher rate of money for developing the property. Recently, this concept is changing and Americans are developing a common European viewpoint that real estate is an investment paying a nominal return.

Washington has made several moves to provide mortgages more nearly comparable in cost to those offered by the British building societies. The Federal Housing Authority has power to guarantee \$2 billions of loans, half of it on new buildings, and half for refinancing. In both cases the FHA will cover mortgages up to 80% of the cost, at not over 6%, and amortized in 20 years. This is an approach to the situation in England.

#### Some Subsidies Necessary

Both Britain and the United States realize that private building under these conditions provides only for families in moderate circumstances—in the income class above \$1,500 here, above \$800 in Britain. For the very poor, government subsidies are necessary. For them, the British have made numerous expensive experiments over the last 15 years, actually built 56,000 subsidized homes last year, determined to build—with government aid—240,000 new homes replacing slum dwellings between 1934 and 1938. In Britain, the burden of planning and handling the projects is placed squarely on local authorities.

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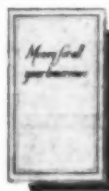
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# North Atlantic Air Route Next

**Pan Am. and Imperial Airways are working on details of link to tie up round-world service; experimental flights expected by next March.**

WHILE the *China Clipper* was winging her way home from the Orient, with transpacific air transport established, men of four nations gathered in Washington to plan air service across the Atlantic. Representatives of Great Britain, Irish Free State, Canada, and the United States are now working out the details of a cooperative arrangement that will link up Imperial Airways, Ltd., and Pan American Airways in an international system of regular air transport around the world.

Postmaster-General Farley has announced that he will ask the next Congress for an appropriation to finance transatlantic air mail service. The amount required to guarantee air mail to Europe without dependence on passenger revenue for a year has not been determined, but regular Pan Am. rate is \$2 an airplane mile. The government's contract for Pacific air mail service carried an appropriation of \$1.8 millions and is expected to last seven months.

## Three Possible Routes

Three routes are proposed—

(1) The great circle route from Winnipeg via Greenland and Iceland to London. Part of this route was surveyed by Colonel and Mrs. Lindbergh. It probably will not be used because it is least flyable.

(2) From Ottawa, Quebec, and New York via Newfoundland and Ireland to London.

(3) The southern route from New

York and Trinidad via Bermuda, the Azores, and Spain to London.

Experimental flights will be started about Mar. 15, on the Newfoundland-Ireland route, and about Oct. 15 the flights will be changed to the London-Spain-Bermuda winter route. Pan Am. and Imperial will share equally in the operation.

Perhaps on the southern route the western terminus would not be New York. Anyway, Pan Am. has been surveying in Charleston harbor recently and Charleston folk are naturally thrilled. They might connect there with Eastern Air Lines or use Charleston as a hop-off point from a New York start.

Just as Pan American Airways have preempted the Pacific service, they stand ready and best equipped to take on transatlantic transport. But there will be lots of competition this time. First, Imperial Airways must share in any service flying to London via Newfoundland or Bermuda. French and Italian military planes have done some pioneering, probably with an eye to coming air commerce. Also, the South Atlantic is being regularly flown by the Deutsche Luft Hansa line. Zeppelins have crossed with passengers 70 or 80 times and a large Zep is being built now for North Atlantic flying next summer.

The German plan is to combine airships for passengers and seaplanes for mail and cargo loads in conjunction with mother ships at sea. Their flying boats

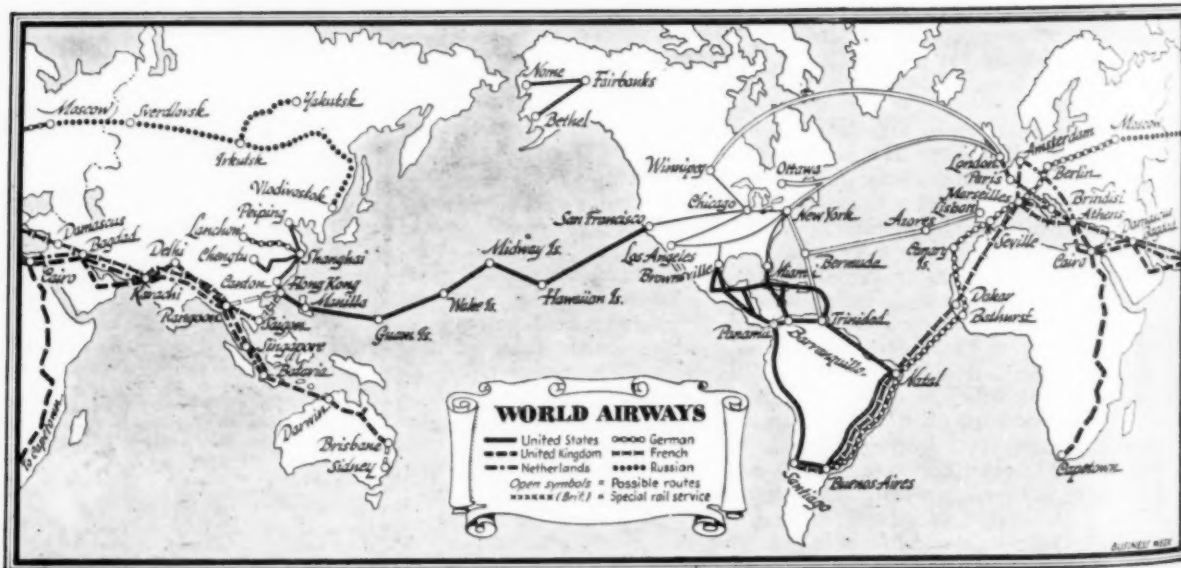
(Dornier-Wal 2-engine, 16,000-lb. craft) now go down the West Coast of Africa and strike out for Brazil, picking up a mother ship—the *Schwenland*—before nightfall. The ship steams at full speed with an apron of canvas trailing astern. The plane taxis up on the apron and is hoisted up onto a huge catapult in the bow. The crew sleeps aboard while the ship steams westward and at daybreak the plane is shot off into the air again. It flies on to Brazil, picking up another mother ship—the *Westfalen*—en route, for another night's rest and refueling.

## French Not Active

This is the plan the German line is expected to follow in the North Atlantic when it is ready. The French have taken no active steps toward transatlantic transport, but they incline to large flying boats for long-range, nonstop service. The British idea, as they have developed it in their over-water flying to Australia and Hong Kong, coincides with ours. They believe in large multi-engine flying boats like the *China Clipper*, carrying from 15 to 40 people. They are now building a large plane of this type for Bermuda-New York service which will be ready next year, and the government of Bermuda is about to commence the construction of an airport.

## "Booster" Plane Planned

Also, England is building an experimental "Mayo Composite Aircraft" for transatlantic service, which has interesting possibilities. It combines a heavy, long-range, four-engined monoplane and a second booster monoplane that is attached on top the flying boat in taking off to form an eight-engine biplane. When the craft are in the air and at full speed, the lifting monoplane cuts off and returns to the airport, while the big ship continues on its way with a



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pay load too heavy for it to lift off the ground alone. There are plenty of technical problems involved, but Imperial Airways has spent a lot of money to develop the idea and will be in the air with it in the coming year.

Meanwhile, Pan American Airways has developed equipment, organization, and navigation and is ready to go. Its Sikorsky-S42's, now used in the Caribbean, are right for the Bermuda-Azores route, where the largest hop is 2,067 miles (333 miles less than the San Francisco-Honolulu gap in the Pacific route). The Caribbean clippers made the Hawaii flight with ease but lacked capacity for an adequate pay load, so the Martin transport *China Clipper* was substituted. But 333 miles of gasoline makes enough weight saving to qualify the Sikorsky for Atlantic service.

#### Other American Competitors

There is a possibility that other American air lines may also compete for the European traffic. Captain Eddie Rickenbacker, managing head of Eastern Air Line, has just gone to Europe and rumor says that it is neither for his health nor pleasure. But Eastern Air Lines lacks over-water experience and equipment.

And so it appears probable that the Pan American Airways will get the contract from our government for carrying mails on the eastward journey and Imperial Airways will receive a subsidy from Great Britain for transporting westbound mail.

## Shoes by Bata

**New York office denies report that big Czechoslovakian shoe manufacturer will build American plant.**

FALL-BLOOMING perennial is the report that T. and A. Bata, Czechoslovakia's famous shoe manufacturing firm, is ready to build an enormous plant in the United States and go after American business (*BW*—Oct 28 '33).

It blossomed again last week. This year the company is reported ready to start construction on a tract of 1,400 acres at Belcamp, Md. Since Bata has expanded production activities to nine countries outside Czechoslovakia, the report sounded plausible until New York headquarters branded it again as "without foundation."

Bata is famous for its ultra-modern Fordized production methods. Bata plants now produce 320,000 pairs of shoes daily, employ 30,000 workers, have chains of retail sales outlets as far away as India and China. Bata's American business is confined to women's shoes, several hundred thousand dollars' worth of which are sold annually through the company's own retail outlets or through large department stores.

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As many as 23 separate hands, most of them belonging to strangers, usually pass your check en route from office back to filing case.

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## On With the Shows!

**Industry and trade expositions grow in sales and numbers, with 250 set for 1936. Professional management raised to fine art. Results analyzed.**

CHICAGO set up its two-year Century of Progress Exposition as a beacon of recovery. New York now plans a World's Fair for 1939 to crown the new prosperity. Industry has staged 200 expositions this year to present its products to the buyer—each a new gesture of confidence. This was 5% more shows than were held in 1934. And 1936 will see a further increase of 25%.

Exhibitors Advisory Council, Inc., has just completed a survey of major trade and industry shows scheduled for next year. There will be 250, as against 200 in 1935. There will be 39 in New York, 25 in Chicago, 10 in Boston, 9 in Cleveland, 9 in Detroit, 8 in St. Louis, 6 in Philadelphia, 5 in Kansas City, 5 in San Francisco, and the balance scattered around in smaller cities East, West and South, or not yet located. Months stand in this order of popularity—January and February even, March, April, May, June, September, October, July, August, and November. There are no shows in December.

Outstanding shows of 1935 were those of machine tool, chemical, dairy, automobile, heating and ventilating, flower, and metals industries. Construction industries had a Road Show and purchasing agents put on their Inform-a-Show. The Machine Tool Show made exposition history. Attendance in 1929 was 22,000. This year, after a six-year interval, 60,000 men from the machinery-using industries and trades flocked to Cleveland and bought \$5 millions worth of machine tools right off the floor. Total sales results are estimated at over \$50 millions.

### All Shows Draw Well

Attendance at all shows was larger than in 1934—Chemical 35,000; Heating and Ventilating 50,000; and Dairy 130,000. Where the public attends, figures ran high, as in the Flower Show (150,000) and the Automobile Show (200,000). And the 1935 shows were better. Exhibitors spent more money on displays and decorations. The rule is that a minimum of one to one and one-half times the cost of space should be spent in presentation, but some spent three times that. This year exhibitors were also more sales-minded. They did a better job of merchandising their exhibits by mail ahead of shows and so did more business. New machinery for plant modernization appeared in industry shows months in advance of other signs of industrial recovery, and this was the crowd-drawing feature.

Show management has come to be a fine art. Most shows are conducted by trade and industry associations. The best of them are in the hands of one man who becomes an expert. But the professional show promoter has been gaining steadily in the past few years. He provides a specialized organization to sell space and install and operate the show, a hectic job. In a large exposition it embraces transportation, trucking, labor, furniture, booths. It means hiring carpenters, electricians, engineers, sign painters, decorators, florists, photographers, guards, cleaners. Other items are first aid, check room, telephones, post office, radio amplifiers, music, publicity, laundry, water, registration, restaurant, and information services. All this must be built up over a period of months to a one-week climax.

### Each Is Specialist

Leading show managers are Roberts Everett Associates of New York, who run the Machine Tool, Poultry, Dairy, Confectioners and Packaging Shows, International Exposition Company, New York, handling the Heating and Ventilating, Flower, Hotel and Power Shows; R. H. Sexton, New York, handling the Building Show and the Two-Way-Trade Fair; A. B. Coffman of Chicago, with the Premium Show; the Commercial Exposition Corp., which arranges the Women's National Exposition of Arts and Industries, and International Trades Fair; W. H. Eisenman of Cleveland, who runs the Metals Exposition; and W. G. Sirene in Greenville, S. C., with the Southern Textile and Southern Industries Shows.

Exhibitors Advisory Council plays an interesting part in all this in five ways.

- (1) Issues periodical lists of coming shows.
- (2) Makes pre-analyses of shows to determine industry support.
- (3) Makes post-analyses of shows to report results from the exhibitors' point of view.
- (4) Acts as intermediary between members and show managements in case of disputes.
- (5) Issues bulletins on show policies and problems.

After every show the members report on quality of attendance and exhibits, comparison with previous shows, prospects for resulting business, attitude toward participating in the same show next year, and preference as to where the next show should be held.

## Tin Quotas Raised

International committee increases tin production quotas to 90%, but prices remain firm near 52¢.

THE commercial demand for tin is expanding. Stocks in all major consuming countries are low. The price has been rising. Europe, faced with a threat of war any time, wants larger stocks.

The International Tin Committee, a self-appointed group composed of producers but with consumer representation, met in The Hague last week and decided that it would increase its production quotas again. For the first quarter of 1936, tin producers will operate at 90% of standard tonnage. Present rate is 80%; at the beginning of the year it was 40%.

### 15,500 Tons a Month

The higher rate of production by the governments participating in the plan to regulate the market—Malaya, Netherland East Indies, Nigeria, Bolivia, and Siam—should bring world output to about 15,500 tons a month. Consumption of tin at the present is at the monthly rate of about 13,000 tons.

Stocks of tin in Europe at the end of November were just slightly greater than one thousand tons, compared with stocks at the end of November 1932 of 36,000 tons. In tin circles, it is believed that the British government has exerted pressure on the tin group to increase production, bring stocks up.

Spot Straits tin in New York averaged 51.86¢ a pound during November. The average for the last 15 years has been around 43.75¢.

## Fair Enough

So say Texas and Cleveland, planning to celebrate 100-year birthday with big expositions.

TEXAS believes a 100th birthday is well worth celebrating—and so does Cleveland. The proper way to celebrate, both have decided, is with an exposition; and the best time is next summer.

Although the Centennial Exposition at Dallas and the Great Lakes Exposition at Cleveland will be going full blast at the same time, they will not compete for visitors. In the Great Lakes area are 25 million citizens—enough to assure her of some four million guests, says Cleveland.

Texas, meanwhile, has rented much of the exhibition space at Dallas, and construction of all main buildings for the fair has begun. There will be six main divisions: Varied Industries; Electrical and Communications; Food Products; Petroleum Products; Transportation; Agriculture and Livestock; and Home Planning.

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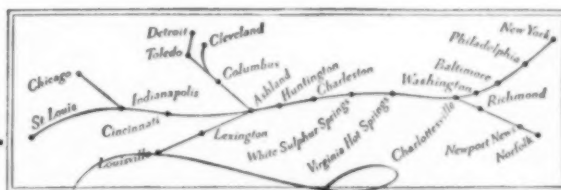
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Textile World  
Transit Journal

# Business Abroad

Nations, especially Germany and Japan, view jealously Britain's monopolistic control of most raw materials; demand better distribution. Russia produces more gold. Peace plan for Italy is likely to be accepted.

WITH a peace plan which is likely to be accepted in Rome, Addis Ababa, and Geneva (though it may require several months to work out all details), European attention is again focusing on Germany, Europe's really serious trouble spot.

Berlin has shown fresh signs of economic tension in the last few weeks (*BW*—Dec 7 '35). Most recent is the repudiation of all German marks held outside the country, which puts the Reich's currency on almost the same airtight, government-controlled basis as in the Soviet Union. On top of this is growing resentment at home over the food shortage.

Europe knows that something has to be done to help ease the economic pressure in Germany—or that it is necessary to prepare for trouble.

## Raw Materials for All

In an address before the League of Nations in September, Sir Samuel Hoare, representing Great Britain, said: "It is fear of monopoly—of the withholding of essential colonial raw material—that is causing alarm. . . . I suggest that emphasis should fall on the free distribution of raw materials among industrial countries which require them so that all fear of exclusion and monopoly may be removed once for all."

## Distribution of the World's Raw Material Production

Commodity	Percentage Produced in:		
	British Empire and Exports	U. S. A. and Dependencies	Rest of World
Wheat	23.4	10.9	21.2
Corn	5.9	55.0	4.3
Vegetable oils	20.6	Nil	79.4
Cocoa	55.0	0.2	44.8
Copra	25.0	34.6	40.4
Linseed	8.6	3.7	21.7
Cotton	24.4	49.2	7.1
Wool	50.9	12.3	3.8
Jute	99.5	Nil	0.5
Rubber	58.0	Nil	42.0
Coal	25.4	34.4	9.5
Petroleum	1.8	59.8	11.7
Iron ore	10.0	22.1	18.8
Nickel	94.3	0.2	2.2
Tin ore	43.1	Nil	Nil
Lead	44.5	21.2	1.1
Zinc	34.8	29.8	1.7
Manganese ore	30.4	2.2	59.3
Gold	64.7	10.3	11.1

Others than the Hitler government have attached much significance to this statement in public references to it. The rapid increase of the tin and rubber quotas under pressure from the British government may in part be an answer to this promise. There is no serious discussion now, however, about returning the African colonies to Berlin, though this question may be forced any day.

The weight of Britain's responsibility in carrying out Sir Samuel's promise is shown strikingly in a table prepared by

the London *Economist*, and partially reproduced here.

Even with this obvious preponderance of control over the world's major raw materials, Britain's favorable position is not fully evident from these figures. In the case of petroleum alone, the British control far more than 1.8% of world output, though the most important fields are not within the Empire. There are other examples where British financial control extends far beyond Britain's political Empire.

Germany, Italy, and Japan particularly view these figures jealously. If the possessing nations attempt to prevent full access to these products in open markets, these three countries at least are ready to fight for them.

## Germany

Berlin repudiates marks held abroad. Bondholders are warned on future interest payments. Automobile industry is active.

BERLIN (*Cable*)—The repudiation last week of Reichsmark notes circulating abroad places Germany in much the same currency situation as Italy and the Soviet Union. There is an internal cur-

rency which circulates freely at a nominal value. External business will be contracted in terms of foreign currencies, will be completely controlled by the government, and payment will be made with the limited foreign exchange available from German exports.

The move points to a further serious disruption of European currencies, following the continuing depreciation of the lira, and comparable measures which have been taken in Czechoslovakia. To hundreds of tourists who have bought "blocked marks" in New York and other ports at substantial discounts for use in Germany, it is a blow. Whatever marks are available now will be at an even greater discount, but it will be increasingly difficult to get them into Germany.

## New Default Possible

The move is significant also in its relation to the fresh warning by Dr. Schacht in his talks with bankers at Basle and in his public address at Munich that Germany must be able to export if Germans are to meet their interest payments abroad (or those few which are maintained). Such a large portion of German foreign trade now is on a balanced basis with countries with which Berlin has clearing agreements that very little "free" foreign exchange accumulates for making payments to other countries. This importantly includes the United States with which Germany usually has an unfavorable balance of trade.

The automobile industry is active. Exports this year are practically double 1934 foreign sales, and domestic registrations for the first time in history are above the total for France, though Germany has long had half again as many people as France.

Hamburg and Bremen shipyards have booked nearly 100,000 tons of foreign freight and tanker motorships. The tinplate industry is completely occupied, with 65% of output destined for sale abroad. Postal receipts were up 5% in the third quarter. Christmas buying is giving some relief to the depressed



LONDON PLANS A MERRY CHRISTMAS—Barrel after barrel of wine rolls across the Wine Crescent of London's docks, as supplies pour in to warehouses and vaults to meet the demands of the Christmas trade.

textile industry. The government has ordered drastic economies in the use of oil paint and leather belting.

## Great Britain

**Britons in spending mood as Christmas approaches. Soviet loan is doubtful unless Moscow will negotiate Czarist debts. New process speeds furniture output.**

LONDON (Cable)—Britain is determined to preserve peace at any price. Hence the concessions to Italy in Ethiopia, allowing a breathing spell in England during which to rush an armament program and in other ways to make Britain's voice once more a power at international council tables. Britain is painfully aware of the fact that the major problem in Europe is Hitler, not Mussolini; and that there is a strident Japan to handle in the Far East.

Business is unperturbed by the Naval Conference discussions which got under way this week. Whatever happens, business is prepared for it. But if the Italian trouble can be settled soon, London expects business to boom.

Christmas buying is in full swing. Hotels and railroads have started a big advertising campaign to woo Britons from their home firesides for the holidays. Continental hotels and Channel resorts have picked up the idea. One of them is featuring an old English Christmas, with a bear hunt.

Employment has risen to a new high of 10,537,000, a gain of 45,000 in the last month. The cotton, coal, engineering, and shipbuilding industries have made the smallest gains. Most marked recovery is in Scotland, the London district, and the Southeast.

### Loan for Russia

Talk of a Russian loan is serious, but it is still conditioned on the premise that Moscow recognize pre-Revolution trade debts, at least in part. There is no evidence yet that Soviet and British officials can agree on a settlement of these old obligations, though the City declares they could be funded for about £5 millions a year.

German bonds were weak following the warning by Dr. Schacht that Germany would be unable to continue interest payments unless export markets would accept German goods. Similar warnings preceded the last moratorium.

A discovery of value to the furniture and building trades has been made in Liverpool, where, after two years of experiments carried on by The Wilfar Co., Ltd., research chemists and woodworkers, a high-speed method of staining and polishing wood has been evolved.

Existing methods of staining and polishing wood slow down production. By the new process polishing can begin immediately the stain has been applied, while drying is simultaneous with the polishing. A large size whitewood panel 6 ft. square can be stained and polished in a minute; smaller pieces can be done in a matter of seconds.

The process can be used for all varieties of wood, whether in a manufactured or plain state, at a fraction of the cost of existing methods. A white-wood door can be stained, polished, and turned out dry and ready for fixing in five minutes.

## France

**Plan for Italian peace may require long negotiations. Domestic political truce is only temporary.**

PARIS (Wireless)—The Hoare-Laval peace plan for Ethiopia, giving Italy large territorial concessions and rights for economic development in an area almost as large, is viewed optimistically in Paris, though it is not believed that the whole East Africa trouble can be wound up very soon. There are still many details to be worked out with both Mussolini and Haile Selassie.

Internal politics are also less troublesome as a result of shrewd bargaining by Premier Laval with leaders of the various factions. The Chamber will probably pass soon bills which will force the armed leagues in France to disband as such, and compel newspapers to give up violent articles which have created so much bitter feeling here. As predicted earlier, the government is likely to stand now until the budget has been voted. It still seems possible that this can be accomplished by the end of the year. After that, it is quite possible that the government will be changed.

The Bourse recovered on news of the political truce, but it has shown little real activity in the last few days due to the general realization that the political truce probably will not last for longer than is necessary to vote the budget.

Capital exports continue in large volume. Corporations are now responsible for much of the movement. This rush to get assets out of the country may be due to a fear of trouble at home between now and the elections in May, or to a new fear of devaluation—or both.

## Canada

**Ontario carries out power contract cancellations. Grain board is reorganized; surplus wheat will not be dumped. Social Credit gets a setback in Alberta.**

OTTAWA—Ontario has definitely cancelled its power contracts with four Quebec utility companies. This action followed a conference with the companies in which they submitted proposals for revision of contracts, these being rejected by Premier Hepburn and his Ontario government. The companies offered to reduce by 191,440 horsepower the 733,000 horsepower covered by contracts. This would leave Ontario Hydro Commission taking 542,000 horsepower at \$15, amounting to \$8 millions a year. They refused to reduce the price. A. R. Graustein of Gattineau Power made a separate offer which was not accepted.



**GASOLINE FROM COAL**—Tom Williams, M.P., turns on the first pump serving gasoline made from British coal. The petrol is distilled from hydrocarbon oils which result from sublimation of coal to hydrogen pressure at 450 Centigrade. Initial output of 100,000 tons of gasoline a year is expected, giving employment to several thousand miners and processors.

The Hydro Commission will continue to take 100,000 hp. from Gattineau for primary demand and what is required for generation of steam by Hydro customers. This power for steam plants, which costs Hydro \$15, is sold for \$2.50, or an annual loss of \$2 millions.

The defeated utility companies are now seeking new markets. Federal and provincial officials fear the effect of final repudiation on Canadian credit.

During the week T. Stewart Lyon, chairman of the Hydro Commission, announced officially that no electrical equipment may be sold in Ontario which is not first approved by the commission. This applies to imports from the United States, including those which will increase under the new treaty provisions.

### Conference of Premiers

The dominion-provincial conference opened this week, will last several days. Divided into committees, it is dealing with six major questions: constitutional reform, agriculture and marketing, problems of federal, provincial and municipal finances, mining and taxation, tourism, unemployment and relief, tourist traffic development. Mayors of leading cities followed representatives of the provincial governments to Ottawa, demanded the federal government undertake the whole cost of relief, charging it against the country's natural wealth. Unemployment is down 50,000 from a year ago but there are still approximately one million jobless.

The King government has accepted resignation of Bennett's Canadian



Wheat Board, including its chairman, J. I. McFarland, originator and conductor of the Bennett policy of supporting the price of Canadian wheat with federal credits, refusing export sale at less than Canadian-controlled prices. A new board, headed by another wheat man, James R. Murray, general manager of Alberta Pacific Grain Company, is appointed.

There will be no more holding of wheat from the world market at artificial prices. The government officially announces it will offer wheat for sale at competitive prices, that the board will seek the goodwill and cooperation of the grain and milling trades of importing countries. The old board's policy was to battle overseas importing interests, holding for its own price as against world competitive prices. But the government echoes Bennett's assurance that there will be no "fire sale" of wheat. The federal treasury is committed to about \$200 millions on its wheat holdings. It is now hoped to reduce the carryover to normal by the end of the present crop year.

#### C.N.R. Reorganized

Notice has been given that the government also intends to reorganize the system under which Canadian National Railway is controlled. Bennett placed the road under a board of trustees largely independent of the government. New Railways Minister C. D. Howe objects to being a rubber stamp for the trustee board, proposes to do away with "remote control" of the C.N.R. The system of control by trustees will be abandoned.

An attack on the problem of truck and bus competition with railways is being made by Minister Howe. At the dominion-provincial conference, now in

session here, he will seek to promote uniformity of laws governing operation of commercial vehicles on the highways and he will also launch an investigation into the question of their competition with railways.

Here for the conference, Premier Aberhart of Alberta renews his promise to give social credit dividends of \$15 to \$30 monthly, within 18 months. His party is already suffering a loss of prestige in the delay. Medicine Hat elected only anti-social-credit candidates in balloting this week, chalked up the first serious objection to the Aberhart system.

## Soviet Union

**Russian gold output passes \$200 millions. More silver will be mined. Bumper wheat harvest sets all-time record.**

Moscow (Cable)—Russia has completed this year's gold production according to the Plan six weeks ahead of time. Exact output will not be revealed until the end of the year, but it is estimated by Moscow authorities at something above 5.5 million ounces, with a value of about \$200 millions.

Gold production in South Africa, still the leader, is nearly twice the output in Russia. United States production will probably edge Canada into fourth place this year, though both are now far behind the Soviets.

The Russians cling to their promise that they can surpass the South African output by 1937, though good authorities still think this is a trifle optimistic, especially since the South African mines are also increasing their production.

Soviet silver mines are completing the

year's Plan only 10 days later than the gold mines, and have produced eight times more than in 1913 and nearly one-third more than last year. This makes Russia's current production about 1.8 million ounces (United States production last year was 26 million ounces; Mexico, the leader, produced 74 million ounces). The Kremlin is devoting increasing attention to silver mining. More equipment and man power are scheduled to be allotted to the Silver Trust next year in an effort further to raise the output 40%.

#### Mechanized Farms

Stalin this week announced that the Soviet Union has reaped more than 100 million tons of grain, largest harvest in the history of the country and 20 million tons greater than the pre-war record. Plans are already being made for increasing the production to 150 million tons by 1940. Four reasons for concentrating on this program were outlined to 350 of the leading combine operators who assembled in the capital to hear Stalin discuss future farm plans: (1) an increase sufficient to cover an annual population increase of 3 millions; (2) an increase in the output of each worker to make up for the loss of production by vast numbers of peasants who are being absorbed in industry; (3) for greater fodder supplies to be set aside as war and drought reserves; and (4) for export in order to build up foreign exchange reserves with which to buy foreign manufactured goods.

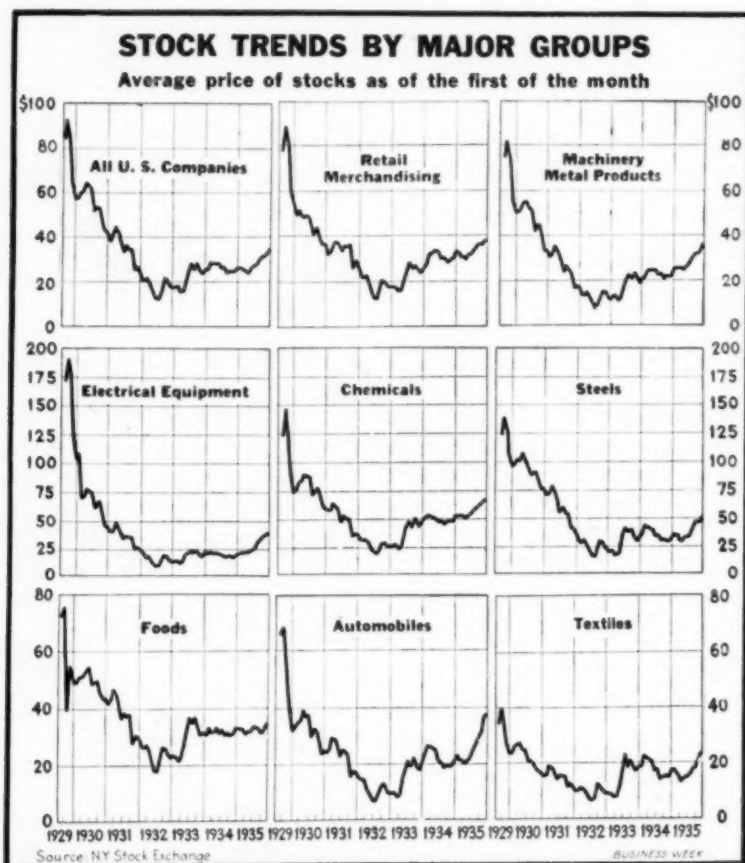
Mechanization is being extended. Collective farms received 84,000 new tractors this year. About 30,000 combines were in use during the harvest season this year, an increase of 100% over last year. Another 30,000 will be ready for use next year.



**TWO WEEKS QUICKER**—Before 1933, steamers took 17 days from Archangel to Leningrad (French spelling on this map). They circled the Scandinavian Peninsula. Now, a 227-kilometer canal has been built through swamps and formerly impassable

country. Oil, metal, machinery, fish, and provisions can be transported from one city to the other in four days, opening a field of rich natural resources to steady commerce. From White Sea to Baltic the waterway has 19 locks, 32 sections of canal.

Barfoto



## Silver Panic

**Morgenthau suspends buying, and London market quits. Treasury head saw that his constant buying would force prices up and not get him much silver.**

THE silver market had another panic this week, precipitated as usual by a switch in tactics by the United States Treasury. Secretary Morgenthau suspended buying in the London market, mostly because the gold bloc currencies had braced to a point where support could be relaxed. Silver buying has been an important stabilization tool, used to provide a supply of dollars abroad and to depress their value, conversely bolstering foreign currencies and discouraging gold shipments.

When London bullion brokers met at 2:15 p.m. Monday to set the day's price, there were 3 million oz. offered for sale, but the customary bid from Secretary Morgenthau's agent was missing. It didn't show up until 4:45 p.m. and only then was the price set, and at a decline of 7¢ per oz.

Next day the Treasury made no bid at all. There were sellers in London for 20 million oz. and no buyers. London brokers suspended trading. On

Wednesday they resumed but at a 2½¢ drop. Meanwhile the Treasury picked up odds and ends in the New York market at prices as much as 3¢ under the 65½¢ that had prevailed since mid-August.

To American observers, the Treasury's move seemed most easily explained in this way:

Morgenthau discovered last April that he couldn't buy silver by running the price up. He bid up to 81¢ only to have speculators beat him to the offerings and scalp a profit.

Meanwhile, he pushed Mexico and China off the silver standard, frustrating the much-advertised objective of his program, which was to remonetize silver.

Even silverites began to realize that strong-arming the price up wouldn't do. They saw the possibility that the \$1.29 statutory price would be attained without the Treasury's having gotten much silver. Meanwhile all other countries that use silver in coins would have melted them down and dumped the

silver (some 1.4 billion oz.) on the market. Fabricated and hoarded silver, running to 12 billion oz., would have been thrown at the Treasury. Its buying authorization would have been quickly exhausted, and the bubble would have burst.

That didn't make sense even to the 16 silver senators.

Francis H. Brownell, American Smelting & Refining Co. chairman, and perennial advocate of "doing something for silver," told the American Mining Congress in Chicago in September that 60¢ would be better than 65¢.

Secretary Morgenthau heard that recommendation.

Domestically mined silver is different, Brownell observed: "The government is spending large sums to help industries and to raise prices of agricultural products. Why should not the government pay a higher price for silver, which helps lead, copper, and zinc mines? Careful consideration should convince any reasonable man that the present price (77.57¢ per fine oz.), and even a higher price (\$1.29 presumably), for United States newly mined silver is fully justified."

## Wall St. Xmas

**It looks like old times, but there's more talk of raises than of bonuses.**

TAKE it from the taxi drivers—Wall Street is busy again. There is more mid-night and pre-dawn business to be picked up among the stock brokers now than at any time since the soda water bulge of 1933 kept the brokers up all night.

Take it from the brokerage employees as well. They are getting rid of the "staggers," that awful affliction that scotched a week's pay out of every two, three, or four in almost any brokerage house during the frequent dull spots of the last five years.

Christmas looks like Christmas once again. Several stock exchange member firms have already announced bonuses to arrive in the hung stocking. But the general tendency is to raise salaries rather than make Christmas presents.

There are more jobs. Both wages and employment of brokerage clerks are up about 10%. A good part of the reemployment will be permanent, regardless of market trends, for the SEC has required more bookkeeping than ever, and the social security act will require still more.

Last month, the total of full-lot sales on the New York Stock Exchange was 57 million shares. It was the largest month since July, 1933, and about four and one-half times the volume of September, 1934, the low point of depression trading.

# Money and the Markets

SPECULATIVE communities were pretty much upset the world over this week when the United States Treasury called time on the silver game by suspending purchases. Play stopped in that ring for a couple of days and when it finally got limping along again there wasn't much spirit left.

By midweek nominal amounts of silver were being turned over for cash, but the futures crowd seemed to need considerable resuscitation if London was to avoid another episode like the recent pepper, peanut, and tin panics.

Security and commodity traders here concluded that silver was an international problem beyond their ken and resumed their routine. About the only domestic kickback was in other metals and the metal stocks. For the time being there was no more talk about marking prices up on some of the non-ferrous metals.

## China Is Big Factor

One reason for the Treasury action was the hope of finding out what is going on in China. After the American silver-buying program pushed China off the silver standard some months back, the Shanghai-Nanking commercial and political group started its paper money program, presumably involving a use of silver as reserves.

This was bad enough for the silverites, whose motive was to get China and other nations to use more instead of less silver. But to make it worse, there were signs that the new Shanghai dollar might be tied to sterling rather than to American dollars, and that China might do as India did until stopped by the international silver agreement — dump silver on the world market to get sterling exchange.

It seemed possible that several hundred million oz. of silver would come out of the Chinese central bank, besides the quantities that would be smuggled out from the two billion oz. in private hoards which no one expects will ever be turned in on the nationalization order.

It was a good chance to stop and look the situation over anyway, because the

program wasn't working as its advocates had expected, and for once the silver senators were a little tame, for them. And to show a proper spirit toward the silver interests, the Treasury picked up what silver was kicking around New York at a couple of cents above the collapsed world market.

## Rebelling Against New Deal

Business is speaking up for itself. Perhaps on the theory that it might as well be hanged for a goat as for a sheep, it is saying things about the way the country is going and the treatment that industry and commerce are getting from the Great White Father in the happy hunting grounds on the shores of the bewitching Potomac.

Although defensive vocal chords are a little rusty from disuse, the squeaks emitted at the Berry conference and at the N.A.M. meeting last week were recognizable as talk. The implication is that the patient has reached the point where he is not only able to sit up and wink at the nurse, but can look out the window and envisage once more an active life on the highways. In another form, this noise from the business world is simply another prediction that recovery has set in and that come hell or high water it is going to keep rolling along.

In finance there is nothing but sympathetic listening to the convalescent going on. No actual stimulation of activity in barometric markets is apparent. On the contrary, the immediate market influence is the feeling that the autumn business bulge has just about been played out as a tonic. This is no

indictment of the future, but rather an indicated willingness to stop for a cozy rest before moving on to the next lap.

## Uncertainty About AAA

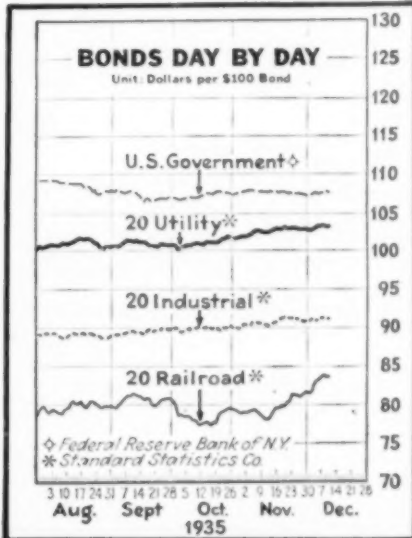
If there is any specific factor worthy of mention in connection with this pause, probably it is the AAA case in the Supreme Court, where the old AAA, the new AAA, and the Bankhead cotton control legislation are under review. The government is saying that farm benefits are for the general welfare, and processors are contradicting the contention. The Court has asked pointed questions, but given no clue to the direction of its thought.

The decision will probably not come until after the turn of the year, but when it does come it will be of primary importance, politically and economically. AAA just about amounts to the rear right wheel of the New Deal chariot. If the Court rules that it is round and well-spoken and entitled to keep on spinning, the value to the Administration will be immense. If not, there must be a halt for repairs.

## Easy Money Still Easy

Money is paying no attention to anything these days. Every so often Wall Street, noting a new bond issue that takes a couple of weeks to sell, or a rumor that a local bank rate has stiffened somewhere, thinks that perhaps easy money is fading. However, the Federal Land Bank's highly successful sale of \$100 millions of 3% bonds, following close after the Treasury's tapping the investment markets for \$972 millions of new money, and accompanying a large wave in municipal and corporate new financing, was effective cold water on that theory.

One of the large statistical agencies, after grieving for the continued inability of money to earn more than very thin wages, goes on to maintain its recommendation that high-grade and upper-medium issues be purchased on the theory that there is simply no let-up in the pressure of funds, and none in early prospect. This, too, despite the





# Shoes for Three



—or a week-end  
in the country?

*Life has to balance  
on \$22.50 a week*

● Mrs. Green is tired, very tired. Needs a rest—a week-end in the country. But the three little Greens urgently need shoes. So Bill Green—who may be a workman of yours—has to sit down and ponder. Because there's only just so much money.

We suppose the kids will get the shoes. That's how it usually turns out, and mother tries to get her rest some other way. But the point is that with all the Bill Greens, life has to balance on what he earns.

## Cash Relief for Emergencies

And when a really serious emergency arises, does he come to you for help? Usually not. Usually he borrows as best he can. Do you know where he could borrow money—safely, economically, and with dignity—when he has only his job as security?

In 131 leading U. S. cities, Bill comes to Household, where he can borrow the money he needs for doctor bills and other unforeseen expenses. He repays a little each month, in amounts on the average not exceeding 10 per cent of his pay. But Household's service has only just begun.

## Making the Dollar Go Further

With the emergency taken care of, Household helps Mr. and Mrs. Green organize their ordinary expenses so that they are safely within income and always under control. Then Mrs. Green studies Household's "Better Buymanship" bulletins and learns how to buy everyday commodities with skill and at a saving... shoes, clothing, canned goods and even oil for the car Bill gets to work in.

As an employer, you will be interested in the service Household is rendering employees in 131 leading U. S. cities. We'd like to send you "Money Management" and a sample "Better Buymanship" bulletin—the plans that help the Greens make ends meet. Just send the coupon.

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Please mail me, absolutely FREE—the new-type  
budget calculator: "Money Management" for  
HOUSEHOLDS, "TIPS FOR LAZY HUSBANDS", and sam-  
ple copy of your "BETTER BUYMANSHIP" booklets.

Name .....

Street .....

City ..... State .....

calm weather in the foreign exchange markets and the consequent recent lessening of the gold flow toward us.

## Municipals Go Well

State and municipal issues were in unusually large supply in the new issue markets, and, according to dealers, went well at high prices and low yields. Dealers were not disturbed by the accumulation of this type of offering in a few days, since their inventories are low and there is an increasingly good market for tax-exempt bonds, spurred by fear of higher taxes later on.

Among the new corporate issues, Southwestern Bell Telephone's \$45-million batch was conspicuous. The bond trade is not altogether waiting for new issues these days. For example, a when-issued market has appeared in the forthcoming Northern Pacific bonds, and a sharp premium has been quoted. The conversion feature of these bonds has been an effective sales point.

In the listed bond markets profit-taking appeared, giving rail bonds the first setback in more than four weeks. Jesse Jones, RFC chairman, put in a good word for the railroads, saying they would probably do as well in December as they had done in October and November. He sees no new rail financing at the moment, aside from Northern Pacific.

## Starring Mr. Meehan

Down at SEC headquarters in Washington this week they were concerned with dogs. The special pet under consideration was Bellanca Aircraft, which SEC charged was a dog performing undignified antics, with Mike Meehan on the other end of the leash. Meehan, a leading speculator, wanted the SEC hearing held in New York, but SEC turned him down after some growling by both Meehan and SEC attorneys.

Thus SEC's first big case against a stock exchange member for market-rigging got under way. The accusation is that Meehan conducted a jiggle in Bellanca on the Curb. The reply is that he did no such thing and that furthermore the SEC is unconstitutional. For good measure Meehan's attorney threw in a few words about suppression of testimony and intimidation of witnesses.

The battle promises to go into the courts and far along. If SEC is right, the commission has picked a combatant whose defeat means big-time publicity. If SEC is wrong, the commission has a red-haired package of pepper on its hands in Meehan.

## Cotton and Wheat Up in Air

Across the lane, in the commodity woods, rustlings have been no more significant than in stock and bond markets. Cotton has the AAA jitters until a definite line can be drawn on prospects for future crop control. Even the Dec. 1 government crop report couldn't bring the cotton bulls out of hiding, despite the 407,000 bale cut in the estimated production. However, aside from the AAA uncertainty, the crop report was good enough to rearrange probable season-end statistics bullishly. The out-



**O.K.'D IN INSULL'S JOB**—Daniel C. Green, who ran Middle West Utilities Co. three and a half years after Samuel Insull's exit, is approved by federal court as president of reorganized company, Middle West Corp., now out of bankruptcy but under court supervision till July, 1937.

look now is for consumption of 1.5 million bales more than production, which will nicely reduce the old surplus.

Canada remains the dominant factor in world wheat. The new grain board is making it easy for exporters to buy wheat and thus to make sales abroad, which is the fundamentally necessary thing.

If prices are cut low enough to permit sales to Europe, there will be increased sales to the United States, which means a roof on American prices. If that is not enough for domestic wheat people to worry about, they can always dwell on the threat of a big Kansas crop next summer.

## That Vitality Checker Game

On the public utility checkerboard the government and the companies are still far apart. The government would like to checkmate the utility industry by concentrating on the single Electric Bond & Share suit. The companies are willing to avoid a multiplicity of suits, but contend that there are a number of interesting and significant variations not covered in the Electric Bond case and these should be given full airing.

The way things stand now it appears that the government is ahead of the game and will be romping in with an Electric Bond decision while the rest of the industry is still enmeshed in lower court efforts. This week at Washington, and at other skirmish points, the government moved for a delay of proceedings in several dozen suits against it, hoping to deflect all action toward its single picked spot.

## Editorially Speaking—

WITH open arms and the kiss of loving brotherhood we welcome Consumers' Research to the ranks of true conservatives. For years it has made its living by attacking modern business as a colossal gyp. It was the fair-haired boy of liberalism. How quickly it changed after its own employees organized a union! The leaders were fired, a strike began, the National Labor Relations Board looked into the matter and issued a complaint, charging Consumers' Research with violating the Wagner act—and what does Consumers' Research do? It calls the act unconstitutional, so help us! Unconstitutional! Boy, call up the American Liberty League and tell 'em they've got a new member.

AFTER sniffing around in Italy a few days, Westbrook Pegler made a tentative report on conditions. "Everything is up to Mussolini. . . . There is no need to worry about candidates or elections, and the Italian citizen spares himself the trouble of standing in line in a dirty cigar store to drop a ballot into a polling box, which is then tossed into the river. . . . They have neither Jimmy Walkers nor Big Bill Thompsons in Italy."

If Peg keeps on this way, we'll begin crying over our country's plight. American elections are all crooked. Jimmy Walker is still the night mayor of New York, and Big Bill's cowboy hat still waves o'er the crouching millions of enslaved Chicago. If a political crowd once gets into office, the people can't throw them out. That's why Hoover, the candidate of the ins, licked the daylight out of Smith in '28, and did the same to Roosevelt in '32. Public sentiment might sharply change between '28 and '32, or between '32 and '36, but do you suppose that could put a new man in the White House? Not a chance. The elections are all crooked, and what this country needs is Fascism.

FOOTNOTE to the above: We've just heard from the Gentleman Down the Hall that his wife has received a letter from Peg's wife, who says Peg has been under the weather during his rambles in Europe. Probably that explains it.

FURTHER footnote: Associated Press dispatch: "The American hospital, struck Friday by three enormous bombs, was operating under a shattered roof. Doctors worked all Friday night, performing thirty-two amputations. One mother and two babies, their heads almost torn from their bodies, were brought to the hospital." Some man, that Mussolini!

AMONG the new things shown in the recent Exposition of Chemical Industries

were soapless detergents (in plain English, cleansers) that are completely soluble, leaving no ring in the bathtub. Thus another time-honored institution is on the skids. But like the old oaken bucket, it will long be remembered in song and story—the old stubborn soap-ring, the obstinate soap-ring, the glutinous soap-ring that clung to the tub!

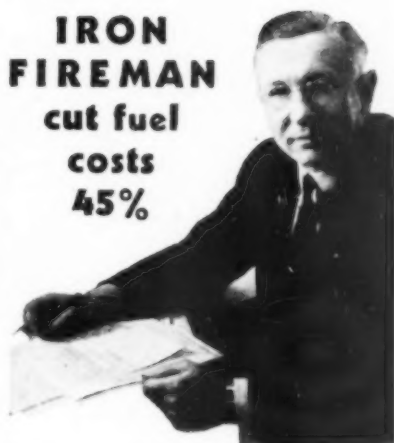
ALTHOUGH the Jenkins Music Co., of Kansas City, sells short-wave sets, it frankly tells the readers of its newspaper advertising that short-wave broadcasting from Europe is pretty awful. "The English stations," it says, "are weak and spotty, and the most careful tuning cannot produce a decent response. The late transmission is the best, and those fans who listen regularly know that this is pretty poor. France has been struggling to get above the background for some time, and once in a while around seven in the evening they can be heard. Germany might just as well save their power as far as Kansas City is concerned. Their signal can be picked up, but only the most rabid fan would listen to it for any length of time."

LETTER from a business man in a large city: "The mayor and the city council are tied up with the impresario and the results are astonishing. Ten-cent opera for three dollars, and the claqué leader selling the give-away seats. One soprano was practically laughed off the stage—she paid to sing; the estimated figure is \$3,500. A tenor, in because he is strong with the Motion Picture Operators' Union and therefore with the politicians, was hissed so one night that the next time he sang he had muscle men all over the house. And most of the papers go on blandly saying it is marvelous, a privilege for the city."

It will be a great day for New Orleans when the new Mississippi River bridge—"the finest span across the Father of Waters," as they ornately call it—is opened, on Dec. 16. The invitation we've received is elaborate, expensive, engraved, tinted, and gold-sealed. "His Excellency the Governor of the State of Louisiana Oscar K. Allen and the Mayor of New Orleans T. Semmes Walmsley request the honor of your presence to witness the ceremonies incident to the opening of the Huey P. Long Bridge." Huey P. Long—and T. Semmes Walmsley! Would the mayor be so prominent in the ceremonies at the Huey P. Long Bridge if Huey Long were still alive?

AMONG the most widely photographed families in the United States—Roosevelt, Lindbergh, Wilken.

**IRON  
FIREMAN  
cut fuel  
costs  
45%**



*"Hard to believe"*

. . . says Oscar A. Rennebohm, Treas.,  
National Assn. of Retail Druggists



After he studied Iron Fireman automatic coal heating and made comparisons, Oscar Rennebohm, prominent drug store proprietor of Madison, Wisconsin, saw that it could give him better heating for less money. But at the end of his first year when the figures came through showing that his fuel bill of \$1450.00 had been cut to \$787.50 and that he had saved \$662.50 he couldn't believe it.

"Why didn't you tell me about this before and insist that I listen?" says many a year-old customer to Iron Fireman representatives. Checking back over the past 10 years to learn how much Iron Fireman might have saved is an unhappy experience. But one should look forward to the savings which Iron Fireman can make during the next 10 years. Anyone interested is welcome to the free assistance of an experienced Iron Fireman dealer who will investigate, obtain the facts and figures, and present them in the form of a clear-cut report. New Iron Fireman burners include bin and bunker models as well as the standard hopper feed. Models for domestic heating plants and for commercial boilers up to 300 h.p. Iron Fireman Mfg. Co., Portland, Oregon; Cleveland; Toronto. Dealers everywhere.



Rennebohm Building,  
Madison, Wis., where  
an Iron Fireman auto-  
matic coal burner (right)  
cut fuel costs 45%.



IRON FIREMAN MFG. CO.  
3225 W. 106th Street, Cleveland, Ohio

Type of plant:

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| <input type="checkbox"/> Send literature    | <input type="checkbox"/> Commercial Heating                         |
| <input type="checkbox"/> Make firing survey | <input type="checkbox"/> Power <input type="checkbox"/> Residential |

Name \_\_\_\_\_  
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DECEMBER 14, 1935

## The Voice of Industry

More than 10,000 manufacturers have answered a plain, honestly worded question. These manufacturers are representative. Nearly 3,000 of them have less than 25 employees apiece; and 2,900 have between 25 and 100 employees. The rest have more than that. So large manufacturers and small ones are fairly represented. The 10,000 have nearly four million people on their payrolls.

The question came from the National Association of Manufacturers. There was no printed argument accompanying it, nothing to indicate what sort of answer was wanted. Nor was the question trickily worded, to imply or presuppose its own answer. It was as honest and unbiased as anybody could wish. It was simply this, "Do you favor legislation continuing in any form the principles and policies of the NIRA?"

To this question 82% of the manufacturers answered No, despite the fact that there are a few industries that are almost unanimous in thinking some kind of organization under governmental auspices would be good for them. The negative answers would probably be more than 90% if the manufacturers were confronted with specific legislation such as Administration leaders would like to enact.

The general attitude of small manufacturers and large ones, as revealed by this questionnaire, is the thing that provided solid nation-wide support for the resolutions adopted at the convention of the National Association of Manufacturers. Without going to harsh and offensive extremes, these resolutions firmly opposed the dangerous innovations of the New Deal.

For many years the association was dominated by the type of thinking that is common to some professional lobbyists and to corporation lawyers who have been on the firing-line so long that they cannot keep themselves from perpetually banging away. But at last an executive vice-president with social consciousness and some understanding of public relations began the long, hard task of reorganizing the thinking and rebuilding the structure of the National Association of Manufacturers. As a result the association now has a board of directors with too much knowledge of the world to be reactionary. They are committed to a vigorous fight

against the destructive aspects of the New Deal, and in particular against extravagance and regimentation, but they do not make the mistake of opposing every effort at reform.

"American business," says the association in its resolutions, "recognizes the necessity for change in methods and procedure—its success has been built upon such recognition." But change should be gradual and careful, far more so in government than in business, since what government does affects everybody.

Our system of government is flexible enough to permit prompt action in an emergency, like the one that Mr. Roosevelt confronted and brilliantly mastered as soon as he became President. But when an emergency is past, emergency methods must not be used. There has been too much rashness and frenzied experimentation in the New Deal. That is the opinion of American industry, now formally rendered.

### Peek's Attack on the Canadian Agreement

Now that George N. Peek has resigned from the Administration, he is making a vigorous attack on its farm and foreign trade policies. To start with, he is denouncing the Canadian-American trade agreement. He does not like its most-favored-nation clause, for one thing. He asserts that the most-favored-nation treaties have hurt American trade, and as proof he says that the American share in total world trade declined from 13.8% in 1929 to 9.5% in 1934.

But in citing a decline which began immediately after 1929—that is to say, in 1930—should not Mr. Peek take note of the Smoot-Hawley tariff, which was enacted in 1930? We raised our high tariff walls still higher, and it is a fair conclusion that our lower share of world trade was

due to these impassable walls. Now, with our new trade agreements, we are trying to lower the walls. The result should be more trade.

Mr. Peek makes another contention. Regardless of whether the Canadian agreement is good or bad, he urges the President to consult Congress about it, instead of letting it go into effect. But Congress last year gave the President authority to conclude such agreements. Mr. Peek says Congress did not intend that the agreements should be as comprehensive as the Canadian one is. No? A better inference is that Congress did intend exactly that. Congress knew the tariff should be cut but didn't want to face the innumerable political dangers. So it tied them all up in one package and gave it to the President. He is doing well with it. He has not hurt himself and he has not hurt the nation.

### Transoceanic Aviation Goes Over the Hump

Commercial oceanic aviation seems to be achieving the swift triumph that has come unexpectedly to one industry after another, at an unpredictable time and in an unpredictable fashion. Industry after industry has struggled, and won a little, and lost, and struggled again—and suddenly has won an overpowering success.

Broadcasting was possible years before the public knew anything about it. It succeeded suddenly, in 1921. The talkies were practicable a decade before Al Jolson sang in "The Jazz Singer." The overnight success of that picture made 18,000 theaters re-equip themselves frantically. And so it is with transoceanic aviation. Alcock and Brown flew from Newfoundland to Ireland in 1919; and then, for years afterward, very little happened, till Lindbergh's flight in 1927. Immediately there were visions of regular oceanic service. They did not come true. But two years ago regular service was begun between Africa and South America, where the ocean is comparatively narrow. Now, after long preparation, Pan American Airways has splendidly mastered the Pacific, and all eyes turn promptly to the Atlantic. Regular service over that difficult ocean may not begin for a year or more, but it is coming.

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SS WEEK

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